

Company Registration No. 02960433 (England and Wales)

CFS MANAGEMENT LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

CFS MANAGEMENT LTD

COMPANY INFORMATION

Directors A O Harwood
P A J Mills (Appointed 31 December 2017)

Company number 02960433

Registered office 33-34, Alfred Place
London
WC1E 7DP

Auditor Fisher, Sassoon & Marks
43 - 45 Dorset Street
London
W1U 7NA

CFS MANAGEMENT LTD

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CFS MANAGEMENT LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

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

The company will continue to explore new avenues of revenue generation.

Development and performance

At the year end the company had net assets of £114,467 (2017 - £445,104).

Key performance indicators

Given the nature of the company's business administration expenses are in the main a fixed cost. Accordingly the operating results are dependent on fees generated from Investment business.

On behalf of the board

A O Harwood

Director

4 July 2018

CFS MANAGEMENT LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company continued to be that of discretionary fund management and investment advisors. On 17th January 2018, the company changed its name from CFS Portfolio Management Ltd to CFS Management Ltd.

Directors

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

A O Harwood

J Besso-Cowan

P A J Mills

(Resigned 31 December 2017)

(Appointed 31 December 2017)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Capital Requirements Directive Pillar 3 Disclosure

Background

The Capital Requirements Directive ('the Directive') of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. In the United Kingdom, this is being implemented by our regulator, the Financial Conduct Authority ('FCA') who has created new rules and guidance specifically through the creation of the General Prudential Source book ('GENPRU') and the Prudential Source book for Banks, Building Societies and Investment Firms ('BIPRU'). The new FCA framework consists of three 'Pillars': Pillar 1 sets out the minimum capital requirements that we need to retain to meet our credit, market and operational risk; Pillar 2 requires us, and the FCA, to take a view on whether we need to hold additional capital against firm-specific risks not covered by Pillar 1; and Pillar 3 requires us to develop a set of disclosures which will allow market participants to assess key information about our underlying risks, risk management controls and capital position. The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This must be done in accordance with a formal disclosure document. The disclosure of this document meets our obligation with respect to Pillar 3. The rules provide that we may omit one or more of the required disclosures if we believe that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Where we have considered a disclosure to be immaterial, we have stated this in the document. In addition, we may also omit one or more of the required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

The company is a BIPRU €50,000 limited license firm. The firm's Pillar 1 requirement is £22,023 and Pillar 2 requirements are £24,775.

The company had credit risk of £1,089 and market risk of £nil

As a service provider the directors consider that the key financial risk exposures faced by the company relate to the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs. The company does not invest in investments which expose it to material price risk nor does it have a material exposure to foreign exchange movements.

CFS MANAGEMENT LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

The company's financial risk management objectives are therefore to minimise the key financial risks through having clearly defined terms of business with clients, regular monitoring of cash flow and management accounts to ensure regulatory capital requirements are not breached and the company maintains adequate working capital.

The principal non financial risks faced by the company relate to breach of laws and regulations within the Financial Services and Markets Act 2000 and Financial Conduct Authority Rule Book. These risks are minimised through having stringent internal controls.

BIPRU 11.5.18

Disclosures: Remuneration

Information concerning the decision-making process

Due to the size of the Company, we do not consider it appropriate to have a separate remuneration committee. Instead this function is undertaken by the Managing Board. This will be kept under review and should the need arise, the Company will consider amending this arrangement to provide greater independent review.

The CEO is a member of the Managing Board and also has a majority voting interest in the Company.

The Managing Board of CFS Portfolio Management Ltd is responsible for ensuring that the remuneration policy is developed to align with its risk tolerance. No external consultants assisted in this review. Any person with a question regarding the policy or disclosures made under this policy should refer to the Directors who are members of the Managing Board.

Information on the link between pay and performance

A key objective in utilising the Company's structure was to align the interests of the directors with the overall goal of achieving the best performance over the long-term for the Company.

A Harwood receives a fixed pre-agreed salary from CFS Portfolio Management Ltd reflecting his ownership interest in the Company. This amount is reviewed annually. Adjustment can be both down as well as up and is made by the Managing Board which considers the individual's performance and contribution to the Company.

The Director's salary is paid after ensuring FCA capital and liquidity requirements and the working capital needs of the Company have been considered, thereby ensuring the Company is financially viable going forward.

Aggregate Value of Directors salaries for period to 31 March 2018

Based on the profile of the Company we consider we have one business area, investment management and all Directors, as Code Staff, have responsibilities that typically fall within job titles FCA guidance indicated would suggest they are senior personnel whose role impacts the risk profile of the Company.

As such, to comply with the FCA disclosure requirement BIRPU 11.5.18 R (6) and (7), we disclose, as per the audited accounts of the Firm, the total Directors salaries which, for the period to 31 March 2018 was £7,445...

The position of the Company at the year end

At the year end the company had net assets of £114,467 (2017 - £445,104).

Analysis based on key performance indicators

Given the nature of the company's business administration expenses are in the main a fixed cost. Accordingly the operating results are dependent on fees generated from fund management. The key performance indicator is turnover and is dependent on the ability of the company to increase funds under management each year and to provide satisfactory investment returns to clients.

CFS MANAGEMENT LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Financial instruments

Liquidity risk

The company manages its cash requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the businesses.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Future developments

The company has been appointed as an investment adviser to the subfund of an authorised open ended investment company.

Auditor

The auditor, Fisher, Sassoon & Marks, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Stewardship Code Disclosure Statement

The Stewardship Code was published by the Financial Reporting Council (FRC) in July 2010. Its aim is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. The seven principles of the Code are that institutional investors should: 1) Publicly disclose their policy on how they will discharge their stewardship responsibilities; 2) Have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed; 3) Monitor their investee companies; 4) Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value; 5) Be willing to act collectively with other investors where appropriate; 6) Have a clear policy on voting and disclosure of voting activity; 7) Report periodically on their stewardship and voting activities.

On behalf of the board

A O Harwood

Director

5 July 2018

CFS MANAGEMENT LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the Annual 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 (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;
- 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.

CFS MANAGEMENT LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CFS MANAGEMENT LTD

Opinion

We have audited the financial statements of CFS Management Ltd (the 'company') for the year ended 31 March 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 FRS 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 company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 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 directors' use of the going concern basis of accounting in the 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 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.

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

CFS MANAGEMENT LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CFS MANAGEMENT LTD

Matters on which we are required to report by exception

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

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.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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.

Jonathan Marks (Senior Statutory Auditor)
for and on behalf of Fisher, Sassoon & Marks

5 July 2018

Chartered Accountants
Statutory Auditor

43 - 45 Dorset Street
London
W1U 7NA

CFS MANAGEMENT LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	14,326	104,186
Administrative expenses		(123,324)	(146,917)
Profit on disposal of "Client base"	4	(61,702)	422,250
Operating (loss)/profit	5	(170,700)	379,519
Interest receivable and similar income	8	418	14
Amounts written off investments	9	(8,402)	21,681
(Loss)/profit before taxation		(178,684)	401,214
Tax on (loss)/profit	10	33,947	(78,675)
(Loss)/profit for the financial year		(144,737)	322,539

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
(Loss)/profit for the year	(144,737)	322,539
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(144,737)</u>	<u>322,539</u>

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BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	12		4,165		5,038
Current assets					
Debtors	14	13,614		264,114	
Investments	15	-		177,423	
Cash at bank and in hand		103,905		152,273	
		<u>117,519</u>		<u>593,810</u>	
Creditors: amounts falling due within one year	16	<u>(7,217)</u>		<u>(153,744)</u>	
Net current assets			<u>110,302</u>		<u>440,066</u>
Total assets less current liabilities			<u>114,467</u>		<u>445,104</u>
Capital and reserves					
Called up share capital	18		100		186,000
Profit and loss reserves			<u>114,367</u>		<u>259,104</u>
Total equity			<u>114,467</u>		<u>445,104</u>

The financial statements were approved by the board of directors and authorised for issue on 5 July 2018 and are signed on its behalf by:

A O Harwood
Director

Company Registration No. 02960433

CFS MANAGEMENT LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 April 2016		186,000	(53,435)	132,565
Period ended 31 March 2017:				
Profit and total comprehensive income for the year		-	322,539	322,539
Dividends	11	-	(10,000)	(10,000)
Balance at 31 March 2017		186,000	259,104	445,104
Period ended 31 March 2018:				
Profit and total comprehensive income for the year		-	(144,737)	(144,737)
Redemption of shares	18	(185,900)	-	(185,900)
Balance at 31 March 2018		100	114,367	114,467

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	21		15,596		247,463
Income taxes paid			(46,675)		(11,684)
Net cash (outflow)/inflow from operating activities			(31,079)		235,779
Investing activities					
Purchase of tangible fixed assets		(829)		(505)	
Proceeds on disposal of fixed asset investments		177,423		(124,133)	
Proceeds from other investments and loans		(8,401)		21,680	
Interest received		31		14	
Dividends received		387		-	
Net cash generated from/(used in) investing activities			168,611		(102,944)
Financing activities					
Redemption of shares		(185,900)		-	
Dividends paid		-		(10,000)	
Net cash used in financing activities			(185,900)		(10,000)
Net (decrease)/increase in cash and cash equivalents			(48,368)		122,835
Cash and cash equivalents at beginning of year			152,273		29,438
Cash and cash equivalents at end of year			<u>103,905</u>		<u>152,273</u>

CFS MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

CFS Management Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 33-34, Alfred Place, London, WC1E 7DP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover represents amounts receivable for undertaking discretionary fund management and investment advice net of VAT and client rebates.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25 % - 33 % reducing balance
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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 credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

CFS MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and 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.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors 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.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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. The impairment reversal is recognised in profit or loss.

CFS MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors 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 being measured at 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 company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

CFS MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies **(Continued)**

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 Taxation

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

Current tax

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

Deferred tax

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

CFS MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Fee receivable	14,326	104,186
	<u>14,326</u>	<u>104,186</u>
	2018	2017
	£	£
Other significant revenue		
Interest income	31	14
Dividends received	387	-
	<u>418</u>	<u>14</u>
	2018	2017
	£	£
Turnover analysed by geographical market		
UK	14,326	104,186
	<u>14,326</u>	<u>104,186</u>
4 Exceptional costs		
	2018	2017
	£	£
Sale of client base	61,702	(422,250)
	<u>61,702</u>	<u>(422,250)</u>

In the prior year the company disposed off its client base under the terms of SPA. During the year the company agreed a final settlement which resulted in the deferred consideration being reduced by £61,702 in exchange for immediate settlement.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5 Operating (loss)/profit	2018	2017
	£	£
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	4,500	4,750
Depreciation of owned tangible fixed assets	1,702	1,552
Operating lease charges	7,018	9,000
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018	2017
	Number	Number
Financial services and management	2	2
Administration	3	1
	<u> </u>	<u> </u>
	5	3
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	44,338	44,276
Social security costs	-	698
Pension costs	1,827	387
	<u> </u>	<u> </u>
	46,165	45,361
	<u> </u>	<u> </u>

7 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	6,000	23,218
Company pension contributions to defined contribution schemes	1,445	-
	<u> </u>	<u> </u>
	7,445	23,218
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8	Interest receivable and similar income	2018	2017
		£	£
	Interest income		
	Interest on bank deposits	31	14
	Other income from investments		
	Dividends received	387	-
	Total income	<u>418</u>	<u>14</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	<u>31</u>	<u>14</u>
9	Amounts written off investments	2018	2017
	fixed asset investments	£	£
	Gain on disposal of current asset investments	-	12,906
	Amounts (written off)/written back to investments held at fair value	<u>(8,402)</u>	<u>8,775</u>
		<u>(8,402)</u>	<u>21,681</u>
10	Taxation	2018	2017
		£	£
	Current tax		
	UK corporation tax on profits for the current period	<u>(33,947)</u>	<u>78,675</u>

CFS MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(178,684)	401,214
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(33,950)	80,243
Tax effect of expenses that are not deductible in determining taxable profit	340	57
Effect of change in corporation tax rate	(1,786)	-
Permanent capital allowances in excess of depreciation	(231)	130
Effect of revaluations of investments	1,680	(1,755)
Taxation (credit)/charge for the year	(33,947)	78,675

11 Dividends

	2018 £	2017 £
Interim paid	-	10,000

12 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2017	34,721
Additions	829
At 31 March 2018	35,550
Depreciation and impairment	
At 1 April 2017	29,683
Depreciation charged in the year	1,702
At 31 March 2018	31,385
Carrying amount	
At 31 March 2018	4,165
At 31 March 2017	5,038

CFS MANAGEMENT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13 Financial instruments	2018	2017
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	-	258,400
Equity instruments measured at cost less impairment	-	177,423
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	5,332	75,069
	<u> </u>	<u> </u>
14 Debtors	2018	2017
	£	£
Amounts falling due within one year:		
Corporation tax recoverable	1,947	-
Other debtors	247	258,678
Prepayments and accrued income	11,420	5,436
	<u> </u>	<u> </u>
	<u>13,614</u>	<u>264,114</u>
15 Current asset investments	2018	2017
	£	£
Listed investments	-	177,423
	<u> </u>	<u> </u>
Listed investments included above:		
Listed investments carrying amount	-	177,423
	<u> </u>	<u> </u>
During the year all listed investments were disposed off.		
16 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	152	44
Corporation tax	-	78,675
Other taxation and social security	1,885	-
Other creditors	180	26,346
Accruals and deferred income	5,000	48,679
	<u> </u>	<u> </u>
	<u>7,217</u>	<u>153,744</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

17 Retirement benefit schemes	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,827	387
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	186,000
	<u> </u>	<u> </u>
	100	186,000
	<u> </u>	<u> </u>

Reconciliation of movements during the year:

	Ordinary
	Number
At 1 April 2017	186,000
Shares cancelled	(185,900)
	<u> </u>
At 31 March 2018	100
	<u> </u>

19 Operating lease commitments

Lessee

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

	2018	2017
	£	£
Within one year	-	9,000
Between two and five years	-	4,500
	<u> </u>	<u> </u>
	-	13,500
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	6,000	20,000

21 Cash generated from operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(144,737)	322,539
Adjustments for:		
Taxation (credited)/charged	(33,947)	78,675
Investment income	(418)	(14)
Depreciation and impairment of tangible fixed assets	1,702	1,552
Gain on sale of investments	-	(12,906)
Amounts written off investments	8,402	(8,775)
Movements in working capital:		
Decrease/(increase) in debtors	252,415	(193,177)
(Decrease)/increase in creditors	(67,821)	59,569
Cash generated from operations	<u>15,596</u>	<u>247,463</u>

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