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**COMMERCIAL MANAGEMENT LIMITED**

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**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**COMMERCIAL MANAGEMENT LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

Mr N Welby  
Mr D Phillips  
Mrs M Warner

**COMPANY SECRETARY**

Mrs N Welby

**REGISTERED NUMBER**

02018783

**REGISTERED OFFICE**

C/O Richard Pearlman LLP  
27 Phipp Street  
London  
EC21 4NP

**ACCOUNTANTS**

Gibson Appleby  
Chartered Accountants  
1-3 Ship Street  
Shoreham by Sea  
West Sussex  
BN43 5DH

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**COMMERCIAL MANAGEMENT LIMITED**

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## COMMERCIAL MANAGEMENT LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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The directors present their report and the unaudited financial statements for the year ended 31 December 2015.

#### PRINCIPAL ACTIVITIES

The company continued in its principal activity of property agents and managers.

#### DIRECTORS

The directors who served during the year were:

Mr N Welby  
Mr D Phillips  
Mrs M Warner

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 (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 judgments and accounting estimates that are reasonable and prudent;
- 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.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the board and signed on its behalf.



**Mrs M Warner**  
Director

Date: 28 September 2016

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**COMMERCIAL MANAGEMENT LIMITED**

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**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF  
THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF COMMERCIAL MANAGEMENT LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Commercial Management Limited for the year ended 31 December 2015 which comprise the profit and loss account, the balance sheet and the related notes from the company's accounting records and from information and explanations you have given to us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at [icaew.com/regulations](http://icaew.com/regulations).

This report is made solely to the board of directors of Commercial Management Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Commercial Management Limited and state those matters that we have agreed to state to the board of directors of Commercial Management Limited, as a body, in this report in accordance with AAF 2/10 as detailed at [icaew.com/compilation](http://icaew.com/compilation). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Commercial Management Limited and its board of directors, as a body, for our work or for this report.

It is your duty to ensure that Commercial Management Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the company's assets, liabilities, financial position and profit. You consider that Commercial Management Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Commercial Management Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

*Gibson Appleby*

**Gibson Appleby**

Chartered Accountants

1-3 Ship Street  
Shoreham by Sea  
West Sussex  
BN43 5DH

29 September 2016

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COMMERCIAL MANAGEMENT LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2015

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	Note	2015 £	2014 £
<b>TURNOVER</b>	1	1,072,761	997,420
Administrative expenses		(799,067)	(671,294)
<b>OPERATING PROFIT</b>	2	273,694	326,126
Interest receivable and similar income		2,086	4,258
Interest payable and similar charges		(514)	(1,203)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		275,266	329,181
Tax on profit on ordinary activities	4	(58,973)	(72,418)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		216,293	256,763
<b>PROFIT BROUGHT FORWARD</b>		629,019	529,256
Dividends: Equity capital		(168,000)	(157,000)
<b>RETAINED PROFIT CARRIED FORWARD</b>		677,312	629,019

The notes on pages 5 to 11 form part of these financial statements.

**COMMERCIAL MANAGEMENT LIMITED**  
**REGISTERED NUMBER: 02018783**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**


	Note	£	2015	£	£	2014	£
<b>FIXED ASSETS</b>							
Intangible assets	6			13,299			-
Tangible assets	7			16,775			20,043
Investments	8			101,674			101,674
				<u>131,748</u>			<u>121,717</u>
<b>CURRENT ASSETS</b>							
Debtors	9	356,443			464,576		
Cash at bank and in hand		<u>397,957</u>			<u>231,393</u>		
		754,400			695,969		
<b>CREDITORS:</b> amounts falling due within one year	10		(208,736)			(188,567)	
<b>NET CURRENT ASSETS</b>				<u>545,664</u>			<u>507,402</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<u>677,412</u>			<u>629,119</u>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	11			100			100
Profit and loss account				<u>677,312</u>			<u>629,019</u>
<b>SHAREHOLDERS' FUNDS</b>				<u>677,412</u>			<u>629,119</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2015 and of its profit for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**Mrs M Warner**

Director

Date: 28 September 2016

The notes on pages 5 to 11 form part of these financial statements.

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## COMMERCIAL MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	25% reducing balance
Furniture, fittings and equipment	-	25% reducing balance

##### 1.4 Operating leases

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

##### 1.5 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).

##### 1.6 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

##### 1.8 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.



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COMMERCIAL MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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2. OPERATING PROFIT

The operating profit is stated after charging:

	2015 £	2014 £
Amortisation - intangible fixed assets	1,756	-
Depreciation of tangible fixed assets: - owned by the company	5,608	6,847
Pension costs	203,066	61,329
	<u>210,430</u>	<u>68,176</u>

3. DIRECTORS' REMUNERATION

	2015 £	2014 £
Aggregate remuneration	576,152	233,504
	<u>576,152</u>	<u>233,504</u>

During the year retirement benefits were accruing to 3 directors (2014 - 3) in respect of defined contribution pension schemes.

4. TAXATION

	2015 £	2014 £
UK corporation tax charge on profit for the year	58,973	72,418
	<u>58,973</u>	<u>72,418</u>

Factors affecting tax charge for the year

The company is corporate partner in a film industry scheme. Details of the investment is included in note 7 to the financial statements. The investment made in the scheme qualifies for favourable tax treatment. In 2010 and 2012 the company has claimed tax relief related to the initial cost of production losses which has the effect of reducing the overall tax liability by approximately £118,000.

There is an open enquiry with HMRC related to this scheme. Based on advice received, the directors consider the company to be fully entitled to claim this relief. However, in the event that this subsequently proves not to be the case there would be an estimated additional corporation tax liability of £118,000 on which interest and penalty charges would also accrue.

The company has received an accelerated payment demand from HMRC for a total of £117,726 due by 13 September 2016. If the ongoing enquiry finds that the tax treatment in respect of the scheme was correct, then this amount will be repaid. The company is awaiting the judgement of the first-tier tribunal in this matter and hopes that this will be available by the end of 2016.

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**COMMERCIAL MANAGEMENT LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**5. DIVIDENDS**

	2015 £	2014 £
<b>Ordinary 'A' shares</b>		
Interim dividend at £1,515.15 per share (2014: £1,414.14)	150,000	140,000
<b>Ordinary 'B' shares</b>		
Interim dividend at 18,000 per share (2014: £17,000)	18,000	17,000
	<u>168,000</u>	<u>157,000</u>

**6. INTANGIBLE FIXED ASSETS**

	Goodwill £
<b>Cost</b>	
At 1 January 2015	-
Additions	15,055
At 31 December 2015	<u>15,055</u>
<b>Amortisation</b>	
At 1 January 2015	-
Charge for the year	1,756
At 31 December 2015	<u>1,756</u>
<b>Net book value</b>	
At 31 December 2015	<u>13,299</u>
<i>At 31 December 2014</i>	<u>-</u>

**COMMERCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**7. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>			
At 1 January 2015	22,934	75,710	98,644
Additions	-	2,390	2,390
Disposals	-	(338)	(338)
At 31 December 2015	<u>22,934</u>	<u>77,762</u>	<u>100,696</u>
<b>Depreciation</b>			
At 1 January 2015	16,735	61,866	78,601
Charge for the year	1,550	4,058	5,608
On disposals	-	(288)	(288)
At 31 December 2015	<u>18,285</u>	<u>65,636</u>	<u>83,921</u>
<b>Net book value</b>			
At 31 December 2015	<u>4,649</u>	<u>12,126</u>	<u>16,775</u>
At 31 December 2014	<u>6,199</u>	<u>13,844</u>	<u>20,043</u>

**8. FIXED ASSET INVESTMENTS**

	Investment in film partnership £
<b>Cost / valuation</b>	
At 1 January 2015 and 31 December 2015	<u>101,674</u>

In 2010, 2012 and 2013 the company made investments in a film partnership.

**9. DEBTORS**

	2015 £	2014 £
Trade debtors	281,094	345,751
Other debtors	75,349	118,825
	<u>356,443</u>	<u>464,576</u>

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COMMERCIAL MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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10. CREDITORS:

Amounts falling due within one year

	2015 £	2014 £
Trade creditors	10,711	4,902
Corporation tax	58,973	72,418
Other taxation and social security	77,711	60,158
Other creditors	61,341	51,089
	<u>208,736</u>	<u>188,567</u>

Other creditors includes

a) an amount of £14,163 (2014: £19,767) due to one of the directors, Mr N Welby. This loan was advanced on an interest free and unsecured basis.

b) a loan of £14,821 (2014: £14,821) from Ingenious Resources Limited (see also note 8). There are legal charges registered in connection with this loan which are secured against the cost of the investment in the film partnership.

11. SHARE CAPITAL

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
99 Ordinary 'A' shares of £1 each	99	99
1 Ordinary 'B' share of £1	1	1
	<u>100</u>	<u>100</u>

The 'A' and 'B' shares have equal voting rights except where there is an ordinary resolution to amend the rights of the 'B' ordinary shares, or their dividend payments are in arrears, in which case the 'B' ordinary shares are entitled to 75% of the total number of votes capable of being cast.

The shares rank pari passu in all other respects.

12. PENSION COMMITMENTS

The company operates a defined contribution scheme on behalf of its directors and certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension contributions paid in the year amounted to £209,383 (2014: £49,600).

The company also operates a stakeholder pension scheme on behalf of the employees. The pension contributions paid in the year amounted to £4,168 (2014: £6,188).

The company also contributes to a private pension scheme on behalf of two employees and one director. The pension contributions paid in the year amounted to £4,883 (2014: £5,541).

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COMMERCIAL MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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**13. OPERATING LEASE COMMITMENTS**

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
After more than 5 years	<b>47,650</b>	<b>44,250</b>

**14. CONTROLLING PARTY**

The company is controlled by Mr N Welby, a director, by virtue of the fact that he owns 99% of the share capital.

**15. CLIENT ACCOUNTS**

At the year end, Commercial Management Limited held money on behalf of clients totaling £300,624 (2014: £177,122).

Neither the bank balances nor the corresponding creditors have been shown in these financial statements.

**16. CONTINGENT LIABILITIES**

As more fully explained in note 4 there is a potential additional tax liability of £117,726 in respect of investments in a film industry scheme.

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## COMMERCIAL MANAGEMENT LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 17. RELATED PARTY TRANSACTIONS

All of the directors of the company are also directors of Commercial Management (Investments) Limited. All of the directors, apart from M Warner, are also directors of Retirement Villages Group Limited. Both companies are incorporated in the United Kingdom. RV Services Limited is part of the Retirement Villages Group.

One of the directors of the company, Mr N Welby, is also a director of Estate and Property Management Limited, a company incorporated in the United Kingdom

Turnover for the year includes £858,360 (2014: £357,120) receivable from Commercial Management (Investments) Limited; £476,283 (2014: £482,022) from RV Services Limited and £15,372 (2014: £13,580) from Estate and Property Management Limited. These transactions have taken place on a normal commercial basis. Included within trade debtors are balances of £NIL (2014: £124,290) due from Commercial Management (Investments) Limited; £142,500 (2014: £146,534) due from RV Services Limited and £NIL (2014: £7,324) due from Estate and Property Management Limited at the year end.

During the year the company paid amounts totalling £15,252 (2014: £44,550) to Mrs N Welby under a separate racehorse sponsorship agreement. These marketing costs have been charged on a normal commercial basis.