
COMMERCIAL MANAGEMENT LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016



COMMERCIAL MANAGEMENT LIMITED

COMPANY INFORMATION

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

COMMERCIAL MANAGEMENT LIMITED

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COMMERCIAL MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

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 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 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 for the Company's financial statements 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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25 September 2017 and signed on its behalf.


Mr N Welby
Director

COMMERCIAL MANAGEMENT LIMITED

**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 2016**

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 2016 which comprise the statement of comprehensive income, the balance sheet and the related notes from the Company accounting records and from information and explanations you have given us.

As a practising 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 <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

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 dated 07/04/2010. 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 ICAEW Technical Release TECH07/16AAF. 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 assets, liabilities, financial position and profit or loss of Commercial Management Limited. 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

Date: 26.9.17

COMMERCIAL MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover		1,007,831	1,072,761
Administrative expenses		(724,851)	(799,068)
Operating profit		282,980	273,693
Interest receivable and similar income		634	2,086
Interest payable and expenses		(240)	(514)
Profit before tax		283,374	275,265
Tax on profit	5	(175,417)	(58,973)
Profit for the year		107,957	216,292
Total comprehensive income for the year		107,957	216,292

COMMERCIAL MANAGEMENT LIMITED
REGISTERED NUMBER: 02018783

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	7	10,287	13,297
Tangible assets	8	54,268	16,774
Investments	9	101,674	101,674
		<u>166,229</u>	<u>131,745</u>
Current assets			
Debtors: amounts falling due within one year	10	376,467	356,443
Cash at bank and in hand	11	74,238	397,957
		<u>450,705</u>	<u>754,400</u>
Creditors: amounts falling due within one year	12	(204,565)	(208,733)
Net current assets		<u>246,140</u>	<u>545,667</u>
Net assets		<u><u>412,369</u></u>	<u><u>677,412</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		412,269	677,312
		<u><u>412,369</u></u>	<u><u>677,412</u></u>

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

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

25th September 2017


Mr N Welby
 Director

The notes on pages 5 to 12 form part of these financial statements.

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Commercial Management Limited is a company limited by shares, incorporated in England and Wales. Its registered office is C/O Richard Pearlman LLP, 27 Phipp Street, London EC21 4NP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the Company will receive the consideration due under the service agreement.

2.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.5 Valuation of investments

Investments are measured at cost less accumulated impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.11 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

No significant judgements have had to be made by management in preparing these financial statements.

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	392,285	389,967
Cost of defined contribution scheme	121,324	203,066
	<u>513,609</u>	<u>593,033</u>

The average monthly number of employees, including directors, during the year was 5 (2015 - 5).

5. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	57,691	58,973
Adjustments in respect of previous periods	117,726	-
Total current tax	<u>175,417</u>	<u>58,973</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 qualified for favourable tax treatment. In 2010 and 2012 the company has claimed tax relief related to the initial cost of production losses which had 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, the company received an accelerated payment demand from HMRC for a total of £117,726. This was paid in 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 first tier tribunal has concluded and found that the partnerships were not carrying on a trade with a view to profit. There will now be an appeal. It will depend on the final outcome as to whether the accelerated payment is refunded in any way or there may be more to pay ie. interest and a penalty if the appeal judgement agrees with the first tier judgement. The company is awaiting the judgement of the appeal in this matter and hopes that this will be available by the end of 2017.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

6. Dividends

	2016 £	2015 £
Ordinary 'A' shares		
Interim dividend at £3,363.64 per share (2015: £1,515.15)	333,000	150,000
Ordinary 'B' shares		
Interim dividend at £40,000 per share (2015: £18,000)	40,000	18,000
	<u>373,000</u>	<u>168,000</u>

7. Intangible assets

	Goodwill £
Cost	
At 1 January 2016	15,055
At 31 December 2016	<u>15,055</u>
Amortisation	
At 1 January 2016	1,756
Charge for the year	3,011
At 31 December 2016	<u>4,767</u>
Net book value	
At 31 December 2016	<u>10,288</u>
At 31 December 2015	<u>13,298</u>

COMMERCIAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2016	22,934	77,762	100,696
Additions	39,395	17,847	57,242
Disposals	(22,934)	(15,619)	(38,553)
	<u>39,395</u>	<u>79,990</u>	<u>119,385</u>
At 31 December 2016			
Depreciation			
At 1 January 2016	18,285	65,637	83,922
Charge for the period	5,563	7,492	13,055
Disposals	(18,595)	(13,264)	(31,859)
	<u>5,253</u>	<u>59,865</u>	<u>65,118</u>
At 31 December 2016			
Net book value			
At 31 December 2016	<u>34,142</u>	<u>20,125</u>	<u>54,267</u>
At 31 December 2015	<u>4,649</u>	<u>12,125</u>	<u>16,774</u>

9. Fixed asset investments

	Investment in film partnership £
Cost/valuation	
At 1 January 2016	<u>101,674</u>
At 31 December 2016	<u>101,674</u>

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

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

10. Debtors

	2016 £	2015 £
Trade debtors	294,310	281,094
Other debtors	49,253	50,640
Prepayments and accrued income	32,904	24,709
	<u>376,467</u>	<u>356,443</u>

11. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	74,238	397,957
	<u>74,238</u>	<u>397,957</u>

12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	32,466	10,707
Corporation tax	57,691	58,973
Other taxation and social security	69,455	77,711
Other creditors	35,689	46,304
Accruals and deferred income	9,264	15,038
	<u>204,565</u>	<u>208,733</u>

Other creditors includes:

a) an amount of £8,963 (2015: £14,163) due to one of the directors, Mr N Welby. This loan was advanced on an interest free and unsecured basis.

b) a loan of £10,456 (2015: £10,456) from Ingenious Resources Limited. There are legal charges registered in connection with this loan which are secured against the cost of the investment in the film partnership.

13. Contingent liabilities

There is potential for tax penalties in respect of investments in a film industry scheme.

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. 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 £111,100 (2015: £209,383).

The company also operates a stakeholder pension scheme on behalf of the employees. The pension contributions paid in the year amounted to £5,326 (2015: £4,168).

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 £4,898 (2015: £4,883).

15. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Land and buildings		
Later than 5 years	<u>47,650</u>	<u>47,650</u>

16. 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 & Property Management Limited, a company incorporated in the United Kingdom.

Turnover for the year includes £316,014 (2015: £858,360) receivable from Commercial Management (Investments) Limited; £500,960 (2015: £476,283) from RV Services Limited and £27,823 (2015: £15,372) from Estate & Property Management Limited. These transactions have taken place on a normal commercial basis. Included within trade debtors are balances of £NIL (2015: £NIL) due from Commercial Management (Investments) Limited; £153,703 (2015: £142,500) due from RV Services Limited and £NIL (2015: £NIL) due from Estate & Property Management Limited at the year end.

During the year the company paid amounts totalling £28,263 (2015: £15,252) to Mrs N Welby under a separate racehorse sponsorship agreement. These marketing costs have been charged on a normal commercial basis.

17. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.