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**COMMERCIAL MANAGEMENT LIMITED**

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**UNAUDITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 2019**

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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 2019 which comprise the statement of financial position, the statement of changes in equity and the related notes from the Company's 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 16/8/18. 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 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**

Chartered Accountants

1-3 Ship Street  
Shoreham by Sea  
West Sussex  
BN43 5DH  
22 September 2020

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	6	3,702	5,619
Investments	7	101,674	101,674
		<u>105,376</u>	<u>107,293</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	143,641	199,277
Cash at bank and in hand	9	257,635	306,312
		<u>401,276</u>	<u>505,589</u>
Creditors: amounts falling due within one year	10	(180,511)	(274,153)
<b>Net current assets</b>		<u>220,765</u>	<u>231,436</u>
<b>Total assets less current liabilities</b>		<u>326,141</u>	<u>338,729</u>
<b>Net assets</b>		<u>326,141</u>	<u>338,729</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		326,041	338,629
		<u>326,141</u>	<u>338,729</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 the 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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

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COMMERCIAL MANAGEMENT LIMITED  
REGISTERED NUMBER: 02018783

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STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2019

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**Mrs M Warner**

Director

Date: 17 September 2020

The notes on pages 4 to 10 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	100	583,532	583,632
Loss for the year	-	(57,403)	(57,403)
Dividends: Equity capital	-	(187,500)	(187,500)
	<hr/>	<hr/>	<hr/>
<b>At 1 January 2019</b>	100	338,629	338,729
Profit for the year	-	517,412	517,412
Dividends: Equity capital	-	(530,000)	(530,000)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2019</b>	<u>100</u>	<u>326,041</u>	<u>326,141</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**1. General information**

Commercial Management Limited is a private company limited by shares, incorporated in England and Wales. Its registered office is Patman House, 23-27 Electric Parade, George Lane, London, E18 2LS.

**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 service agreement when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- 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 acquire 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. The useful life has been estimated to be five years and Goodwill is being amortised accordingly.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets (continued)**

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 in subsidiaries 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.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.11 Operating leases: the Company as lessee**

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 2018 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 statement of financial position. 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 reporting date in the countries where the Company operates and generates income.

**3. Employees**

The average monthly number of employees, including directors, during the year was 3 (2018 - 8).

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	123,232	-
<b>Total current tax</b>	<u>123,232</u>	<u>-</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 9 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 ongoing dispute 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 Upper Tribunal has ruled in favour of HMRC that the film industry scheme was not carrying on a trade. The film partnership has appealed against this decision. No timing has been given for the appeal hearing but it is expected to be in 2021.

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

5. Dividends

	2019 £	2018 £
<b>Ordinary 'A'</b>		
Interim dividend at £1010. per share (2017: £1,797.98)	460,000	166,500
<b>Ordinary 'B'</b>		
Interim dividend at £15,000 per share (2018: £10,000)	70,000	21,000
	<u>530,000</u>	<u>187,500</u>



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COMMERCIAL MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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6. Tangible fixed assets

	Fixtures & fittings £
<b>Cost or valuation</b>	
At 1 January 2019	25,012
Disposals	(784)
	<hr/>
At 31 December 2019	24,228
	<hr/>
<b>Depreciation</b>	
At 1 January 2019	19,393
Charge for the year on owned assets	1,272
Disposals	(139)
	<hr/>
At 31 December 2019	20,526
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<b>Net book value</b>	
At 31 December 2019	<u>3,702</u>
<b>At 31 December 2018</b>	<u>5,619</u>

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COMMERCIAL MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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7. Fixed asset investments

	Other fixed asset investments £
<b>Cost/valuation</b>	
At 1 January 2019	101,674
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At 31 December 2019	101,674
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In 2010, 2012 and 2013 the company made investments in a film partnership.

8. Debtors

	2019 £	2018 £
Trade debtors	142	16,599
Other debtors	31,277	33,074
Prepayments and accrued income	112,222	149,605
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	143,641	199,278
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9. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	257,635	306,312
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COMMERCIAL MANAGEMENT LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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10. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	2,112	42,394
Corporation tax	123,232	-
Other taxation and social security	17,684	168,067
Other creditors	18,853	34,204
Accruals and deferred income	18,630	29,489
	<u>180,511</u>	<u>274,154</u>

Other creditors includes:

a) an amount of £9,581 (2018: £23,938) due to one of the directors, Mr N Welby. This loan was advanced on an interest free and unsecured basis.

b) a loan of £4,746 (2018: £5,350) 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.

11. 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 £103,300 (2018: £67,093).

The company also operates a stakeholder pension scheme on behalf of the employees. The pension contributions paid in the year amounted to £1,317 (2018: £73,291).

The company also contributes to a private pension scheme on behalf of one employee and one director. The pension contributions paid in the year amounted to £709 (2018: £38,569).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.