
COMMERCIAL MANAGEMENT LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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	Patman House 23-27 Electric Parade George Lane London E18 2LS
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 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

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 to 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 and signed on its behalf.

.....
Mrs M Warner

Director

Date: 27 September 2018

**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 2017**

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 2017 which comprise the statement of comprehensive income, 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 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

Chartered Accountants

1-3 Ship Street
Shoreham by Sea
West Sussex
BN43 5DH
27 September 2018

COMMERCIAL MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Turnover	1,465,521	1,007,831
Administrative expenses	(999,346)	(724,851)
Operating profit	466,175	282,980
Interest receivable and similar income	270	634
Interest payable and expenses	(231)	(240)
Profit before tax	466,214	283,374
Tax on profit	(94,950)	(175,417)
Profit for the financial year	371,264	107,957

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 6 to 13 form part of these financial statements.

COMMERCIAL MANAGEMENT LIMITED
REGISTERED NUMBER: 02018783

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	7	7,277	10,287
Tangible assets	8	41,693	54,268
Investments	9	101,674	101,674
		<u>150,644</u>	<u>166,229</u>
Current assets			
Debtors: amounts falling due within one year	10	584,693	376,467
Cash at bank and in hand	11	109,461	74,238
		<u>694,154</u>	<u>450,705</u>
Creditors: amounts falling due within one year	12	(261,165)	(204,565)
Net current assets		<u>432,989</u>	<u>246,140</u>
Total assets less current liabilities		<u>583,633</u>	<u>412,369</u>
Net assets		<u><u>583,633</u></u>	<u><u>412,369</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		583,533	412,269
		<u><u>583,633</u></u>	<u><u>412,369</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 by:

.....
Mrs M Warner
Director
Date: 27 September 2018

The notes on pages 6 to 13 form part of these financial statements.

COMMERCIAL MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	100	677,312	677,412
Profit for the year	-	107,957	107,957
	<hr/>	<hr/>	<hr/>
Dividends: Equity capital	-	(373,000)	(373,000)
	<hr/>	<hr/>	<hr/>
At 1 January 2017	100	412,269	412,369
Profit for the year	-	371,264	371,264
	<hr/>	<hr/>	<hr/>
Dividends: Equity capital	-	(200,000)	(200,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	100	583,533	583,633

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Commercial Management Limited is a 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 2017

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 2017

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 2016 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. 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.

4. Employees

The average monthly number of employees, including directors, during the year was 8 (2016 - 8).

COMMERCIAL MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	94,950	57,691
Adjustments in respect of previous periods	-	117,726
Total current tax	<u>94,950</u>	<u>175,417</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 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. The lead film production partnership have been granted permission to appeal to the upper tribunal and Grounds of Appeal have been submitted.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

6. Dividends

	2017 £	2016 £
Ordinary 'A'		
Interim dividend at £1,797.98 per share (2016: £3,363.64)	178,000	333,000
Ordinary 'B'		
Interim dividend at £22,000 per share (2016: £40,000)	22,000	40,000
	<u>200,000</u>	<u>373,000</u>

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Intangible assets

	Goodwill £
Cost	
At 1 January 2017	15,055
At 31 December 2017	<u>15,055</u>
Amortisation	
At 1 January 2017	4,767
Charge for the year	3,011
At 31 December 2017	<u>7,778</u>
Net book value	
At 31 December 2017	<u>7,277</u>
At 31 December 2016	<u>10,287</u>

COMMERCIAL MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

8. Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 January 2017	39,395	79,990	119,385
Additions	-	2,219	2,219
Disposals	-	(14,050)	(14,050)
At 31 December 2017	39,395	68,159	107,554
Depreciation			
At 1 January 2017	5,253	59,865	65,118
Charge for the year on owned assets	8,536	5,586	14,122
Disposals	-	(13,378)	(13,378)
At 31 December 2017	13,789	52,073	65,862
Net book value			
At 31 December 2017	25,606	16,086	41,692
At 31 December 2016	34,142	20,125	54,267

9. Fixed asset investments

	Investment in film partnership £
Cost/valuation	
At 1 January 2017	101,674
At 31 December 2017	101,674

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 2017

10. Debtors

	2017 £	2016 £
Trade debtors	501,375	294,310
Other debtors	33,753	49,253
Prepayments and accrued income	49,565	32,904
	<u>584,693</u>	<u>376,467</u>

11. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	109,461	74,238
	<u>109,461</u>	<u>74,238</u>

12. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	25,933	32,467
Corporation tax	94,950	57,691
Other taxation and social security	102,497	69,455
Other creditors	31,269	35,689
Accruals and deferred income	6,516	9,264
	<u>261,165</u>	<u>204,566</u>

Other creditors includes:

- a) an amount of £13,194 (2016: £8,963) 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 (2016: £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 2017

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 £54,638 (2016: £111,100).

The company also operates a stakeholder pension scheme on behalf of the employees. The pension contributions paid in the year amounted to £40,121 (2016: £5,326).

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 £46,052 (2016: £4,898).

15. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
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 £601,083 (2016: £316,014) receivable from Commercial Management (Investments) Limited; £378,397 (2016: £500,960) from RV Services Limited and £29,071 (2016: £27,823) from Estate & Property Management Limited. These transactions have taken place on a normal commercial basis. Included within trade debtors is a balance £NIL (2016: £153,703) due from RV Services Limited at the year end.

During the year the company paid amounts totalling £24,893 (2016: £28,263) to Mrs N Welby under a separate racehorse sponsorship agreement. These marketing costs have been charged on a normal commercial basis.