

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017
FOR**

**Cromwell European Management
Services Limited**

Previously known as Valad Management Services Limited

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**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

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for the Year Ended 30 June 2017**

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**Cromwell European Management
Services Limited**
previously known as Valad Management Services Limited

COMPANY INFORMATION
for the Year Ended 30 June 2017

DIRECTORS:	C Treacy M A McLaughlin
SECRETARY:	Cromwell Corporate Secretarial Limited
REGISTERED OFFICE:	1st Floor Unit 16 Manor Court Business Park Scarborough YO11 3TU
REGISTERED NUMBER:	03112917 (England and Wales)
INDEPENDENT AUDITORS :	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
BANKERS:	Bank of Scotland 2nd Floor New Ueberior House 11 Earl Grey Street Edinburgh EH3 9BN

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**STRATEGIC REPORT
for the Year Ended 30 June 2017**

The directors present their strategic report for the year ended 30 June 2017.

REVIEW OF BUSINESS

The company's profit for the year is £4,551,419 (2016: £3,764,440) and is dealt with as shown on the income statement.

The results for the year are as expected.

There are currently no plans for any significant business developments.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors of Cromwell European Holdings Limited manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of the business of Cromwell European Management Services Limited. The principal risks and uncertainties of the Cromwell European Holdings Limited group, which include those of the company, are discussed in the group's annual report which does not form part of this report.

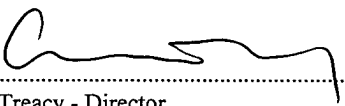
FUTURE BUSINESS DEVELOPMENTS

The company plans to continue to provide management services to the group and to related parties. There are currently no plans for any significant business developments.

KEY PERFORMANCE INDICATORS

The directors of Cromwell European Holdings Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators of the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of Cromwell European Holdings Limited, which includes the company, is discussed in the report of the Directors and financial statements of Cromwell European Holdings Limited, which do not form part of this report.

ON BEHALF OF THE BOARD:


.....
C Treacy - Director

Date: 13/12/17.....

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**REPORT OF THE DIRECTORS
for the Year Ended 30 June 2017**

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2017.

CHANGE OF NAME

The company passed a special resolution on 22 February 2017 changing its name from Valad Management Services Limited to Cromwell European Management Services Limited.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the provision of management services to the Cromwell European Holdings Limited group, related parties and third parties.

DIVIDENDS

The directors declared and paid a dividend of £7,000,000 during the current year (2016: £nil).

DIRECTORS

C Treacy has held office during the whole of the period from 1 July 2016 to the date of this report.

Other changes in directors holding office are as follows:

M A McLaughlin was appointed as a director on 18 October 2017

D J Kirkby resigned as a director on 18 October 2017

GOING CONCERN

We have prepared the financial statements on a going concern basis. The justification for this is disclosed in the accounting policies note under going concern.

FINANCIAL RISK MANAGEMENT

The company's financial risk management is set out in detail in note 18 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

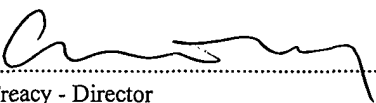
**Cromwell European Management
Services Limited (Registered number: 03112917)
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**REPORT OF THE DIRECTORS
for the Year Ended 30 June 2017**

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
C Treacy - Director

Date: 13/12/17.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CROMWELL EUROPEAN MANAGEMENT
SERVICES LIMITED (REGISTERED NUMBER: 03112917)
PREVIOUSLY KNOWN AS VALAD MANAGEMENT SERVICES LIMITED**

Report on the financial statements

Our opinion

In our opinion, Cromwell European Management Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 30 June 2017; the income statement, the statement of comprehensive income, the statement of cash flows, notes to the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CROMWELL EUROPEAN MANAGEMENT
SERVICES LIMITED (REGISTERED NUMBER: 03112917)
PREVIOUSLY KNOWN AS VALAD MANAGEMENT SERVICES LIMITED**

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date: 13/12/17

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**INCOME STATEMENT
for the Year Ended 30 June 2017**

	Notes	30.6.17 £	30.6.16 £
CONTINUING OPERATIONS			
Revenue		23,654,397	17,295,271
Administrative expenses		(18,303,175)	(12,879,332)
OPERATING PROFIT		5,351,222	4,415,939
Finance costs	4	(895)	(12)
Finance income	4	1,638	7,700
PROFIT BEFORE INCOME TAX	5	5,351,965	4,423,627
Income tax	6	(800,546)	(659,187)
PROFIT FOR THE YEAR		4,551,419	3,764,440

The notes form part of these financial statements

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 30 June 2017**

	30.6.17 £	30.6.16 £
PROFIT FOR THE YEAR	4,551,419	3,764,440
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,551,419</u>	<u>3,764,440</u>

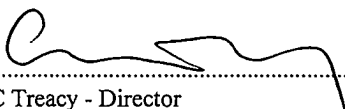
The notes form part of these financial statements

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**STATEMENT OF FINANCIAL POSITION
30 June 2017**

	Notes	30.6.17 £	30.6.16 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8	111,879	56,081
Property, plant and equipment	9	182,007	156,755
		<u>293,886</u>	<u>212,836</u>
CURRENT ASSETS			
Trade and other receivables	10	15,144,243	42,611,174
Cash and cash equivalents	11	755,061	272,361
		<u>15,899,304</u>	<u>42,883,535</u>
TOTAL ASSETS		<u>16,193,190</u>	<u>43,096,371</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	2	2
Capital redemption reserve	13	369,640	369,640
Retained earnings	13	6,335,583	8,784,164
TOTAL EQUITY		<u>6,705,225</u>	<u>9,153,806</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	9,087,231	33,539,497
Tax payable	15	400,734	403,068
		<u>9,487,965</u>	<u>33,942,565</u>
TOTAL LIABILITIES		<u>9,487,965</u>	<u>33,942,565</u>
TOTAL EQUITY AND LIABILITIES		<u>16,193,190</u>	<u>43,096,371</u>

The financial statements on pages 7 to 28 were approved by the Board of Directors on 13/12/17 and were signed on its behalf by:


C Treacy - Director

The notes form part of these financial statements

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 June 2017**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 July 2015	2	5,019,724	369,640	5,389,366
Changes in equity				
Total comprehensive income	-	3,764,440	-	3,764,440
Balance at 30 June 2016	2	8,784,164	369,640	9,153,806
Changes in equity				
Dividends	-	(7,000,000)	-	(7,000,000)
Total comprehensive income	-	4,551,419	-	4,551,419
Balance at 30 June 2017	2	6,335,583	369,640	6,705,225

The notes form part of these financial statements

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2017**

		30.6.17 £	30.6.16 £
Cash flows from operating activities			
Cash generated from operations	1	8,489,352	165,087
Interest paid		(895)	(12)
Tax paid		(802,880)	(290,387)
Net cash from operating activities		<u>7,685,577</u>	<u>(125,312)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(95,896)	(63,091)
Purchase of property, plant & equipment		(108,619)	(123,772)
Interest received		1,638	7,700
Net cash from investing activities		<u>(202,877)</u>	<u>(179,163)</u>
Cash flows from financing activities			
Equity dividends paid		(7,000,000)	-
Net cash from financing activities		<u>(7,000,000)</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		<u>482,700</u>	<u>(304,475)</u>
Cash and cash equivalents at beginning of year	2	<u>272,361</u>	<u>576,836</u>
Cash and cash equivalents at end of year	2	<u><u>755,061</u></u>	<u><u>272,361</u></u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2017**

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	30.6.17	30.6.16
	£	£
Profit before income tax	5,351,965	4,423,627
Amortisation and depreciation charges	123,465	73,092
Finance costs	895	12
Finance income	(1,638)	(7,700)
	<u>5,474,687</u>	<u>4,489,031</u>
Decrease/(increase) in trade and other receivables	27,466,931	(9,443,742)
(Decrease)/increase in trade and other payables	(24,452,266)	5,119,798
	<u>8,489,352</u>	<u>165,087</u>
Cash generated from operations		

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 June 2017

	30.6.17	1.7.16
	£	£
Cash and cash equivalents	<u>755,061</u>	<u>272,361</u>

Year ended 30 June 2016

	30.6.16	1.7.15
	£	£
Cash and cash equivalents	<u>272,361</u>	<u>576,836</u>

**Cromwell European Management
Services Limited (Registered number: 03112917)
previously known as Valad Management Services Limited**

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2017**

1. STATUTORY INFORMATION

Cromwell European Management Services Limited is a private company, limited by shares, registered in England and Wales. The company is incorporated and domiciled in England and Wales. The address of its registered office is: 1st Floor, Unit 16, Manor Court Business Park, Scarborough, YO11 3TU.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with European Union ("EU") Endorsed International Financial Reporting Standards ("IFRSs"), IFRS IC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within the accounting policies.

New and amended standards not currently relevant to the company

There are no new standards and amendments to standards that are mandatory for the financial period beginning 1 July 2016.

New and amended standards not currently relevant to the company

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2016, but are not currently relevant to the company:

- Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation (effective 1 January 2016)
- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation (effective 1 January 2016)
- Amendments to IAS 27, 'Separate financial statements' on the equity method (effective 1 January 2016)
- Annual improvements 2014 (effective 1 January 2016)
- Amendment to IAS 1 'Presentation of financial statements' on the disclosure initiative (effective 1 January 2016)
- Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception (effective 1 January 2016)

New and amended standards not effective for current financial year

The following new standards and amendments have been issued but are not effective for the financial year beginning 1 July 2016 and have not been adopted early:

- Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative (effective 1 January 2017)
- Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018)
- IFRS 9 'Financial instruments' (effective 1 January 2018)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

New and amended standards not effective for current financial year (continued)

- Amendments to IFRS 2 'Share-based payment' on clarifying how to account for certain types of share-based payment transactions (effective 1 January 2018)
- Amendments to IFRS 16 'Leases' (effective 1 January 2019)
- Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective 1 January 2018)
- Annual Improvements 2014-16, (effective 1 January 2017)
- IFRIC 22 'Foreign currency transactions and advance consideration' (effective 1 January 2018)

The impact of these standards is yet to be finalised by the company.

Revenue

Revenue represents the invoiced value of management services. Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such income is reported net of discounts and value added and other sales taxes.

Accrued income

Asset and property management fees and rental income accrue on a daily basis. All such income is accrued net of discounts and value added and other sales taxes.

Financial instruments

The company recognises financial instruments when it becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to receive the cash flows expires or it has transferred the financial asset and the economic benefit of the cash flows. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial instruments are used to support the company's operations. Interest is charged to the income statement as incurred or earned. Issue costs for instruments subsequently recorded at amortised cost are netted against the fair value of the related debt instruments on initial recognition and are charged to the income statement over the term of the relevant facility.

Financial instruments are recorded initially at fair value. Subsequent measurement depends on the designation of the instrument, as follows:

- a) Financial assets/liabilities held for short term gain, including derivatives other than hedging instruments, are measured at fair value and movements in fair value are credited/charged to the income statement in the year.
- b) Loans and receivables/payables and non-derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market are measured at amortised cost. These are included in current assets/liabilities except for instruments that mature after more than 12 months which are included in non current assets/liabilities.
- c) Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Impairments of available for sale financial assets are charged to the income statement in the year. Reversals of impairments of debt instruments are credited to the income statement whereas reversals of impairments of equity instruments are credited to other comprehensive income within the revaluation reserve.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

Non-monetary assets that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised in the income statement, any exchange component of that gain or loss should also be recognised in the income statement. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any exchange component of that gain or loss should also be recognised in other comprehensive income.

Critical judgements in applying accounting policies and key sources of estimation uncertainty

Some of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements, and the key areas summarised below.

Areas of judgement and sources of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

Review of impairment charges on receivables

The company performs impairment testing in accordance with the receivables accounting policy. The calculation of recoverable amounts requires the use of estimates and assumptions consistent with the most recent budgets and plans that have been formally approved by management.

Other policies

Taxation

Current Tax

The expense or credit for current tax is based on the results for the year adjusted for items that are either not subject to taxation or for expenditure which cannot be deducted in computing the tax expense or credit. The tax expense or credit is calculated using taxation rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised using the statement of financial position liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax is recognised in respect of all taxable temporary differences, with certain limited exceptions:

- deferred tax is not provided on the initial recognition of an asset or liability in a transaction that does not affect accounting profit or taxable profit and is not a business combination; and

- deferred tax assets are only recognised if it is probable that there will be sufficient profits from which the future reversal of the temporary differences can be deducted. In deciding whether future reversal is probable, the directors review the company's forecasts and make an estimate of the aggregate deferred tax asset that should be recognised. This aggregate deferred tax asset is then allocated into the different categories of deferred tax.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the income statement, except where it applies to items credited or charged to equity, in which case the deferred tax is also dealt with in equity.

Dividend distribution

Dividend distribution to the company's shareholders is recognised in the financial statements in the year in which the dividends are paid (in the case of interim dividends) or approved by the company's shareholders (in the case of final dividends).

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on the going concern basis. In forming their view as to going concern, the directors have prepared long term cash flow forecasts for the group based on its trading. The directors have also considered alternative scenarios based on key sensitivities. The projections indicate, taking into account the relatively predictable nature of the group costs, that the group will be able to operate within its existing cash resources, taking into account the key sensitivities.

Taking all the above into consideration, the directors believe that the company will be able to meet its liabilities as they fall due for at least a period of 12 months from the date of signing these financial statements and that it is appropriate to prepare the company's financial statements on a going concern basis.

Foreign currency translation

Functional and presentation currency

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in British Pounds Sterling, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the preparation of the company's statement of cash flows, cash and cash equivalents represent short term liquid investments which are readily realisable. Cash which is subject to restrictions, being held to match certain liabilities, is included in cash and cash equivalents in the statement of financial position.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment is stated at cost net of depreciation and any provisions for impairment. Depreciation is provided on property, plant and equipment to write off the cost less the estimated residual value, in equal instalments over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Fixtures and fittings	3 years
Long leasehold	Life of lease
Computer equipment	3 years

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets created within the business are not capitalised and expenditure is charged to the income statement in the year in which the expenditure is incurred. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be reliably measured.

The significant intangible assets with a finite life have no residual value and are amortised on a straight line basis over their expected useful lives as follows:

	Estimated useful life
IT Software	1 to 3 years

Amortisation charged on assets with a finite life is recognised in administrative expense in the income statement. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Pension costs

Payments made direct to employees' personal pension schemes are charged to the income statement in the period to which they relate. Contributions payable to the group's pension scheme, an insured defined contribution scheme, are charged to the income statement in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

	30.6.17	30.6.16
	£	£
Wages and salaries	6,378,070	7,601,931
Social security costs	650,199	623,950
Other pension costs	322,035	312,479
	<u>7,350,304</u>	<u>8,538,360</u>

The average monthly number of employees during the year was as follows:

	30.6.17	30.6.16
Administrative	<u>74</u>	<u>72</u>

**Cromwell European Management
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previously known as Valad Management Services Limited**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

3. EMPLOYEES AND DIRECTORS - continued

Directors' emoluments

	30.6.17	30.6.16
	£	£
Aggregate emoluments excluding pension contributions	854,661	1,034,362
Pension contributions	11,200	11,598
Termination benefits	-	30,000
	<u>865,861</u>	<u>1,075,960</u>

The number of directors accruing benefits under money purchase pension schemes was 1 (2016: 3).

Highest paid director:

	30.6.17	30.6.16
	£	£
Aggregate emoluments excluding pension contributions	<u>560,727</u>	<u>589,053</u>

4. NET FINANCE INCOME

	30.6.17	30.6.16
	£	£
Finance income:		
Deposit account interest	1,445	7,700
Other interest receivable	193	-
	<u>1,638</u>	<u>7,700</u>
Finance costs:		
Other interest payable	895	12
	<u>895</u>	<u>12</u>
Net finance income	<u>743</u>	<u>7,688</u>

5. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	30.6.17	30.6.16
	£	£
Depreciation - owned assets	83,367	66,082
Amortisation of intangible assets	40,098	7,010
Auditors remuneration: Audit of the company	10,000	10,000
Auditors remuneration: Audit of fellow group undertakings	113,350	176,000
Operating leases - rent	549,445	524,265
Operating leases - office equipment	38,876	43,787
	<u>894,136</u>	<u>827,144</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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6. INCOME TAX

(a) Income tax charge

	30.6.17	30.6.16
	£	£
Current tax - current year	899,692	655,351
Current tax - adjustment in respect of prior periods	(99,146)	3,836
	<u>800,546</u>	<u>659,187</u>

(b) Factors affecting the tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.17	30.6.16
	£	£
Profit before income tax	<u>5,351,965</u>	<u>4,423,627</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.75% (2016 - 20.00%)	1,057,013	884,725
Effects of:		
Group relief surrendered by fellow group companies for nil consideration	(153,783)	(219,286)
Expenses not allowable for tax purposes	46,762	38,185
Capital allowances in excess of depreciation and amortisation	(50,300)	(48,273)
Adjustment in respect of prior periods	(99,146)	3,836
Income tax charge for the year	<u>800,546</u>	<u>659,187</u>

Changes to the UK corporation tax rate were announced in the Chancellor's 2016 Budget. These included a reduction to the Corporation Tax main rate to reduce the rate to 17% from 1 April 2020.

7. DIVIDENDS

During the year the company declared and paid a dividend of £7,000,000 (2016: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS - continued
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8. INTANGIBLE ASSETS

	IT Software £
COST	
At 1 July 2016	63,091
Additions	95,896
At 30 June 2017	158,987
AMORTISATION	
At 1 July 2016	7,010
Amortisation for year	40,098
At 30 June 2017	47,108
NET BOOK VALUE	
At 30 June 2017	111,879
At 30 June 2016	56,081

The intangible fixed assets relate to accounting software purchased by the company.

The amortisation expense of £40,098 (2016: £7,010) is included in administrative expenses.

9. PROPERTY, PLANT AND EQUIPMENT

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 July 2016	232,594	526,957	608,321	1,367,872
Additions	-	20,101	88,518	108,619
At 30 June 2017	232,594	547,058	696,839	1,476,491
DEPRECIATION				
At 1 July 2016	199,295	523,520	488,302	1,211,117
Charge for year	13,862	11,378	58,127	83,367
At 30 June 2017	213,157	534,898	546,429	1,294,484
NET BOOK VALUE				
At 30 June 2017	19,437	12,160	150,410	182,007
At 30 June 2016	33,299	3,437	120,019	156,755

The depreciation expense of £83,367 (2016: £66,082) is included in administration expenses.

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

10. TRADE AND OTHER RECEIVABLES

	30.6.17 £	30.6.16 £
Current:		
Trade receivables	255,960	181,440
Other receivables	489,981	116,560
Amounts owed by related parties	-	184,905
Amounts owed by group undertakings	13,396,889	41,340,988
VAT	183,593	110,685
Accrued income	26,818	-
Prepayments	791,002	676,596
	<u>15,144,243</u>	<u>42,611,174</u>

All amounts owed by group undertakings are interest free, carry no security and are repayable on demand.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as disclosed above. The company does not hold any collateral as security.

As at 30 June 2017, there were no provisions against trade receivables(2016: £nil).

As at 30 June 2017, trade receivables of £33,186 (2016: £257,019) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default and consequently there are no indications at the reporting date that they will not meet their payment obligations. The ageing analysis of these trade receivables is as follows:

	30.6.17 £	30.6.16 £
Under 3 months	-	236,019
Between 3 and 6 months	33,186	21,000
	<u>33,186</u>	<u>257,019</u>

11. CASH AND CASH EQUIVALENTS

	30.6.17 £	30.6.16 £
Cash in hand	2	2
Bank accounts	755,059	272,359
	<u>755,061</u>	<u>272,361</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			30.6.17	30.6.16
Number:	Class:	Nominal value:	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

13. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 July 2016	8,784,164	369,640	9,153,804
Profit for the year	4,551,419	-	4,551,419
Dividends	(7,000,000)	-	(7,000,000)
At 30 June 2017	<u>6,335,583</u>	<u>369,640</u>	<u>6,705,223</u>
	Retained earnings £	Capital redemption reserve £	Totals £
At 1 July 2015	5,019,724	369,640	5,389,364
Profit for the year	3,764,440	-	3,764,440
At 30 June 2016	<u>8,784,164</u>	<u>369,640</u>	<u>9,153,804</u>

14. TRADE AND OTHER PAYABLES

	30.6.17 £	30.6.16 £
Current:		
Trade payables	561,431	474,163
Amounts owed to group undertakings	5,160,806	30,656,957
Other payables	550,610	127,899
Accruals	2,814,384	2,280,478
	<u>9,087,231</u>	<u>33,539,497</u>

All amounts owed to group undertakings shown above are interest free, carry no security and are repayable on demand.

The maximum exposure to credit risk at the reporting date is the full value of each class of receivable as disclosed above. The company does not hold any collateral as security.

15. TAX PAYABLE

	30.6.17 £	30.6.16 £
Corporate income tax payable	<u>400,734</u>	<u>403,068</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

16. FINANCIAL INSTRUMENTS

The company's principal financial instruments include trade and other receivables, cash and cash equivalents and payables.

	30.6.17		30.6.16	
	Book value	Fair value	Book value	Fair value
	£	£	£	£
Assets				
Trade and other receivables	14,142,830	14,142,830	42,611,174	42,611,174
Cash and cash equivalents	755,061	755,061	272,361	272,361
Liabilities				
Trade and other payables	6,272,847	6,272,847	33,539,497	33,539,497

In accordance with IAS 39, the company classifies the assets and liabilities in the analysis above as 'loans and receivables' and 'financial liabilities' measured at amortised cost, respectively. At the 2017 and 2016 year ends, the company did not have any 'held to maturity' or 'available for sale' financial assets or 'held for trading' financial assets and liabilities as defined by IAS 39.

17. ULTIMATE PARENT COMPANY

The company's immediate parent company is Cromwell Holdings Europe Limited. The ultimate parent entity and controlling party is Cromwell Corporation Limited, an Australian entity.

Cromwell European Holdings Limited, a UK entity, is the parent of the smallest group for which consolidated financial statements are drawn up of which the company is a member. Copies of Cromwell European Holdings Limited's consolidated financial statements can be obtained from 1st Floor, Unit 16 Manor Court Business Park, Scarborough YO11 3TU.

Cromwell Corporation Limited is the parent of the largest group for which consolidated financial statements are drawn up of which the company is a member. Copies of Cromwell Corporation Limited's consolidated financial statements can be obtained from Level 19, 200 Mary Street, Brisbane QLD 4000, Australia.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

18. RELATED PARTY DISCLOSURES

Amounts owed by/(to) related parties

The funding of Cromwell Corporation Limited and its subsidiaries ('the group') is controlled centrally. Resources are allocated to different entities within the group according to their needs, which constantly vary due to differing trading patterns, seasonality and other factors.

Amounts owed by/(to) group undertakings at the reporting date are as follows:

	30.6.17	30.6.16
	£	£
Group companies		
B8F No.1 Limited	-	21,935
IO Management Services Limited	-	9,099,730
Nordic Aktiv 2 General Partner Limited	8,729	20,395
Cromwell Asset Management UK Limited	-	11,549,914
Cromwell Property Group Czech Republic SRO	45,492	75,537
Cromwell Denmark A/S	582,569	503,494
Cromwell Development Management UK Limited	100,000	1,107,702
Cromwell Finland oy	848,685	331,334
Cromwell France S.A.S	102,470	343,425
Cromwell Germany GmbH	-	457,453
Cromwell Holdings Europe Limited	-	266,907
Cromwell Property Group Hungary Kft	6,328	4,684
Cromwell Investment Management Services Limited	10,000,000	10,927,273
Cromwell Property Group Italy S.r.l	17,071	-
Cromwell Management Holdings Limited	-	3,628,989
Cromwell Netherlands B.V.	1,298,974	1,519,575
Cromwell Poland Sp. z.o.o.	149,202	175,737
Cromwell Norway A/S	62,194	-
Cromwell Poland No. 2 Sp z.o.o.	-	110,492
Cromwell Promote CEVAF I Limited Partnership	438	20,400
Cromwell REIM Luxembourg S.a.r.l	18,312	-
Cromwell Property Group Romania SRL	39,281	51,973
Cromwell Corporate Secretarial Limited	-	149,702
Cromwell Sweden A/B	117,144	974,337
	<u>13,396,889</u>	<u>41,340,988</u>

Group companies

Cromwell Corporation Limited	(374,087)	-
Nordic Aktiv General Partner Limited	(130,000)	(130,000)
The IO Group Limited	(463,339)	(463,339)
Cromwell Europe Limited	(1,764,363)	(29,035,703)
Cromwell Poland Retail UK Limited	(1,089,011)	(1,023,618)
Cromwell Norway A/S	-	(4,297)
Cromwell Poland No. 2 Sp z.o.o.	(59,542)	-
Cromwell Germany GmbH	(1,280,464)	-
	<u>(5,160,806)</u>	<u>(30,656,957)</u>

Amounts owed to group undertakings

Related parties

D.U.K.E. Real Estate Limited group	-	184,905
Amounts owed by related parties	<u>-</u>	<u>184,905</u>

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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

18. RELATED PARTY DISCLOSURES - continued

Amounts charged to other group companies for overheads and salaries during the year are as follows:

Invoiced to:	30.6.17	30.6.16
	£	£
Nordic Aktiv 2 General Partner Limited	61,453	129,211
Cromwell Asset Management UK Limited	200,000	1,500,000
Cromwell Property Group Czech Republic SRO	198,007	213,476
Cromwell Denmark A/S	457,398	339,614
Cromwell Development Management UK Limited	400,000	250,000
Cromwell Finland oy	776,905	246,059
Cromwell France S.A.S	692,419	720,565
Cromwell Germany GmbH	1,386,059	1,774,233
Cromwell Property Group Hungary Kft	46,444	64,138
Cromwell Property Group Italy S.r.l	27,203	-
Cromwell Investment Management Services Limited	12,500,000	5,750,000
Cromwell Netherlands B.V.	4,207,119	3,323,301
Cromwell Poland Sp. z.o.o.	540,014	611,352
Cromwell Norway A/S	167,331	62,079
Cromwell Poland No. 2 Sp z.o.o.	396,682	284,093
Cromwell REIM Luxembourg S.a.r.l	12,931	-
Cromwell Property Group Romania SRL	66,724	103,098
Cromwell Sweden A/B	120,778	339,417
	<u>22,257,467</u>	<u>15,710,636</u>

The company was charged the following amounts by group companies for overheads and salaries during the year:

Invoiced by:	30.6.17	30.6.16
	£	£
Group companies		
Cromwell Corporation Limited	819,028	-
Cromwell Denmark A/S	33,857	217,807
Cromwell Property Group Hungary Kft	47,785	12,680
Cromwell Poland Sp. z.o.o.	63,168	43,263
Cromwell Netherlands B.V.	165,488	66,484
Cromwell Poland No. 2 Sp z.o.o.	145,424	73,367
Cromwell Sweden	589,243	-
	<u>- 1,863,993</u>	<u>413,601</u>

Joint Venture of parent company:

During the year the company charged asset management and accounting fees totalling £888,288 (2016: £947,680) to the D.U.K.E. Real Estate Limited group, a joint venture of Cromwell Corporation Limited group.

Key Management Compensation

Key management personnel received the following benefits during the year:

	30.6.17	30.6.16
	£	£
Short term employee benefits	2,196,498	1,929,409
Post employment benefits	68,129	11,436
Termination benefits	-	30,000
	<u>2,264,627</u>	<u>1,970,845</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2017**

19. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and foreign exchange risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by a central treasury function on a group-wide basis under policies approved by the board of directors. The central treasury function identifies, evaluates and hedges financial risks for the group as a whole. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Credit risk

The company is subject to credit risk arising from outstanding receivables and committed cash and cash equivalents and deposits with banks and financial institutions. The company's policy is to manage credit exposure to trading counterparties within defined trading limits. All of the company's significant counterparties are assigned internal credit limits.

If any of the company's customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the company assesses the credit quality of the customer taking into account its financial position, past experience and other factors.

Liquidity risk

The company is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and its future plan for growth. The company manages its liquidity requirements with the use of both short and long-term cash flow forecasts. These forecasts are supplemented by a financial headroom position which is used to demonstrate funding adequacy for at least a 12 month period for Cromwell European Holdings Limited group as a whole.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the central treasury function aims to maintain flexibility in funding by keeping committed credit lines available.

Foreign exchange risk

The company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than pound sterling. The currency giving rise to this risk is primarily the Euro. The company does not hedge profit translation exposure, unless there is a corresponding cash flow, since such hedges provide only a temporary deferral of the effects of movement in foreign exchange rates.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to its parent, issue new shares or sell assets to reduce debt.