

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

FOR

**Cromwell European Management
Services Limited**

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**Cromwell European Management
Services Limited (Registered number: 03112917)**

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for the Year Ended 30 June 2020**

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**Cromwell European Management
Services Limited**

**COMPANY INFORMATION
for the Year Ended 30 June 2020**

DIRECTORS:	T W Sewell 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)
BANKERS:	Bank of Scotland 2nd Floor New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**STRATEGIC REPORT
for the Year Ended 30 June 2020**

The directors present their strategic report for the year ended 30 June 2020.

REVIEW OF BUSINESS

The company's profit for the year is £588,910 (2019: loss for the year of £232,150) and is dealt with as shown on the income statement. The company is in a net asset position of £1,702,629 (2019: £1,113,719).

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:



.....
T W Sewell - Director

Date: 15 December 2020

**REPORT OF THE DIRECTORS
for the Year Ended 30 June 2020**

The directors present their annual report and the unaudited financial statements of the company for the year ended 30 June 2020.

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 £nil during the current year (2019: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2019 to the date of this report.

T W Sewell
M A McLaughlin

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 projections for the group based on its trading. The directors have also considered alternative scenarios based on key sensitivities, including Co-vid 19. 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 all the above into consideration, the directors believe that the company, with minimal external creditors, will be able to meet its liabilities as they fall due for at least 12 months from the signing of the financial statements and that it is appropriate to prepare the company's financial statements on a going concern basis.

FINANCIAL RISK MANAGEMENT

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

ON BEHALF OF THE BOARD:



.....
T W Sewell - Director

Date: 15 December 2020

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**INCOME STATEMENT
for the Year Ended 30 June 2020**

	Notes	30.6.20 £	30.6.19 £
CONTINUING OPERATIONS			
Revenue		19,757,470	15,268,065
Cost of sales		-	(83,763)
GROSS PROFIT		19,757,470	15,184,302
Gain/loss on revaluation of investments		(541)	-
Administrative expenses		(18,464,131)	(15,608,749)
Other operating expenses		(582,115)	-
OPERATING PROFIT/(LOSS)		710,683	(424,447)
Finance costs	4	(126,063)	(2,853)
Finance income	4	4,290	16,450
PROFIT/(LOSS) BEFORE INCOME TAX	5	588,910	(410,850)
Income tax	6	-	178,700
PROFIT/(LOSS) FOR THE YEAR		588,910	(232,150)

The notes form part of these financial statements

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 30 June 2020**

	30.6.20 £	30.6.19 £
PROFIT/(LOSS) FOR THE YEAR	588,910	(232,150)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>588,910</u>	<u>(232,150)</u>

The notes form part of these financial statements

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**STATEMENT OF FINANCIAL POSITION
30 June 2020**

	Notes	30.6.20 £	30.6.19 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Intangible assets	7	2,941,358	1,376,306
Property, plant and equipment	8	794,031	978,374
Right-of-use			
Property, plant and equipment	8, 14	4,508,211	-
		<u>8,243,600</u>	<u>2,354,680</u>
CURRENT ASSETS			
Trade and other receivables	9	20,828,920	25,764,924
Cash and cash equivalents	10	485,779	256,903
		<u>21,314,699</u>	<u>26,021,827</u>
TOTAL ASSETS		<u><u>29,558,299</u></u>	<u><u>28,376,507</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	2	2
Capital redemption reserve	12	369,640	369,640
Retained earnings	12	1,332,987	744,077
TOTAL EQUITY		<u><u>1,702,629</u></u>	<u><u>1,113,719</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	13	3,968,283	-
CURRENT LIABILITIES			
Trade and other payables	13	23,887,387	27,262,788
TOTAL LIABILITIES		<u><u>27,855,670</u></u>	<u><u>27,262,788</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>29,558,299</u></u>	<u><u>28,376,507</u></u>

The company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 30 June 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and

The notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION - continued
30 June 2020**

- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements on pages 4 to 28 were approved by the Board of Directors and authorised for issue on 15 December 2020 and were signed on its behalf by:



.....
T W Sewell - Director

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 30 June 2020**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 July 2018	2	976,227	369,640	1,345,869
Changes in equity				
Total comprehensive income	-	(232,150)	-	(232,150)
Balance at 30 June 2019	2	744,077	369,640	1,113,719
Changes in equity				
Total comprehensive income	-	588,910	-	588,910
Balance at 30 June 2020	2	1,332,987	369,640	1,702,629

The notes form part of these financial statements

**STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2020**

		30.6.20 £	30.6.19 £
Cash flows from operating activities			
Cash generated from operations	1	3,239,776	(1,415,434)
Interest paid		(1,316)	(2,853)
Lease interest paid		(124,747)	-
Tax paid		-	898,700
		<hr/>	<hr/>
Net cash from operating activities		3,113,713	(519,587)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of intangible fixed assets		(2,422,783)	(1,160,680)
Purchase of property, plant & equipment		(67,726)	(1,096,169)
Sale of tangible fixed assets		541	-
Interest received		4,290	16,450
		<hr/>	<hr/>
Net cash from investing activities		(2,485,678)	(2,240,399)
		<hr/>	<hr/>
Cash flows from financing activities			
Movement on intercompany loans		(399,159)	-
		<hr/>	<hr/>
Net cash from financing activities		(399,159)	-
		<hr/>	<hr/>
at beginning of year	2	256,903	3,016,889
		<hr/>	<hr/>
at end of year	2	485,779	256,903
		<hr/>	<hr/>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 30 June 2020**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	30.6.20	30.6.19
	£	£
Profit/(loss) before income tax	588,910	(410,850)
Depreciation and amortisation charges	1,691,373	475,549
Finance costs	126,063	2,853
Finance income	(4,290)	(16,450)
	<u>2,402,056</u>	<u>51,102</u>
Decrease/(increase) in trade and other receivables	5,122,370	(7,882,484)
(Decrease)/increase in trade and other payables	<u>(4,284,650)</u>	<u>6,415,948</u>
Cash generated from operations	<u><u>3,239,776</u></u>	<u><u>(1,415,434)</u></u>

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 2020

	30.6.20	1.7.19
	£	£
Cash and cash equivalents	485,779	256,903
	<u>485,779</u>	<u>256,903</u>

Year ended 30 June 2019

	30.6.19	1.7.18
	£	£
Cash and cash equivalents	256,903	3,016,889
	<u>256,903</u>	<u>3,016,889</u>

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 June 2020**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020

2. ACCOUNTING POLICIES - continued

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 2018, and have been adopted by the Company:

- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018)

- Amendments to IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)

- IFRS 9 'Financial instruments' (effective 1 January 2018)

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 July 2019, and have been adopted by the Company:

IFRS 16 'Leases'

With effect from 1 July 2019, the Company applies, for the first time, IFRS 16 'Leases' and the Company has therefore changed its accounting policies as a result of adopting this new standard. The impact of IFRS 16 on the Company has been disclosed below and in note 1.3.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 1.3. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 July 2019. The Company has applied IFRS 16 using the cumulative catch-up approach.

There has been no restatement of comparative periods as a result of adopting the new standard.

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16 for all leases (except as noted below), the Company:

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

2. ACCOUNTING POLICIES - continued

(a) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16;

(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;

(c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. There is no significant impact on the Company as a lessor.

(d) Financial impact of initial application of IFRS 16.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 2.32%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	£
Operating lease commitments at 30 June 2019	5,622,223
Short-term leases and leases of low-value assets	(69,498)
Effect of discounting the above amounts	(462,399)
Finance lease liabilities recognised under IAS 17 at 30 June 2019	<u>5,090,326</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

2. ACCOUNTING POLICIES - continued

The associated right-of-use ("ROU") assets were measured equal to the lease liability. As a result, there is no impact on opening retained earnings at 1 July 2019.

The Company has recognised lease liabilities and corresponding right-of-use assets of £5,090,326 upon transition to IFRS 16.

Future accounting developments

A number of amendments and improvements to accounting standards have been issued by the International Accounting Standards Board (IASB) with an effective date after 1 July 2020. They do not impact these financial statements.

Revenue recognition

Revenue, which excludes value added tax, represents the invoiced value of asset management services for the year. Recurring quarterly fees are recognised on an accruals basis and variable performance fees are recognised upon completion of the performance period. All revenue arises from one class of business and within the United Kingdom.

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 balance sheet 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 2020**

2. ACCOUNTING POLICIES - continued

Leases

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020

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 projections for the group based on its trading. The directors have also considered alternative scenarios based on key sensitivities, including Co-vid 19. 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 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 2020**

2. ACCOUNTING POLICIES - continued

Capital redemption reserve

The capital redemption reserve is a statutory, non-distributable reserve.

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:

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

	30.6.20	30.6.19
	£	£
Wages and salaries	8,799,715	6,554,849
Social security costs	657,409	653,706
Other pension costs	304,690	424,495
	<u>9,761,814</u>	<u>7,633,050</u>

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

	30.6.20	30.6.19
Administrative	<u>77</u>	<u>72</u>

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

3. EMPLOYEES AND DIRECTORS - continued

Directors' emoluments

	30.6.20	30.6.19
	£	£
Aggregate emoluments excluding pension contributions	260,326	302,195
Pension contributions	2,900	8,608
Termination benefits	-	-
	<u>263,226</u>	<u>310,803</u>

The number of directors accruing benefits under money purchase pension schemes was 1 (2019:2).

Highest paid director:

	30.6.20	30.6.19
	£	£
Aggregate emoluments including termination benefits and excluding pension contributions	<u>243,226</u>	<u>249,291</u>

4. NET FINANCE COSTS

	30.6.20	30.6.19
	£	£
Finance income:		
Deposit account interest	4,290	6,523
Other interest receivable	-	9,927
	<u>4,290</u>	<u>16,450</u>
Finance costs:		
Bank interest	37	11
Other interest payable	1,279	2,842
Lease costs	124,747	-
	<u>126,063</u>	<u>2,853</u>
Net finance costs	<u>121,773</u>	<u>(13,597)</u>

5. PROFIT/(LOSS) BEFORE INCOME TAX

The (loss)/profit before income tax is stated after charging:

	30.6.20	30.6.19
	£	£
Depreciation - owned assets	251,529	210,901
Depreciation - right of use assets	582,114	-
Amortisation of intangible assets	859,731	264,648
Auditors remuneration: Audit of fellow group undertakings	230,595	184,580
Operating leases - rent	-	721,343
Operating leases - office equipment	-	53,998

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020

6. INCOME TAX

(a) Income tax (credit)/charge

	30.6.20	30.6.19
	£	£
Current tax - current year	-	-
Current tax - adjustment in respect of prior periods	-	(178,700)
	<u>-</u>	<u>(178,700)</u>

(b) Factors affecting the tax (credit)/charge

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.20	30.6.19
	£	£
Profit / (loss) before income tax	<u>588,910</u>	<u>(410,850)</u>
Profit / (loss) before income tax multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	111,893	(78,062)
Effects of:		
Group relief surrendered to/ (by) fellow group companies for nil consideration	-	-
Expenses not allowable for tax purposes	68,044	71,247
Capital allowances in excess of depreciation and amortisation	(311,873)	(103,230)
Non-deductible loan impairment	2,850	8,940
Tax losses carried forward for which no deferred tax recognised	(226,526)	101,105
Non-taxable capital gains	103	
Depreciation not allowable for tax purposes	217,219	
Movement in provisions not allowable for tax purposes	138,290	
Adjustment in respect of prior periods	-	(178,700)
Income tax charge/(credit) for the year	<u>-</u>	<u>(178,700)</u>

7. INTANGIBLE ASSETS

	IT Software £
COST	
At 1 July 2019	1,807,665
Additions	<u>2,422,783</u>
At 30 June 2020	<u>4,230,448</u>
AMORTISATION	
At 1 July 2019	431,359
Amortisation for year	<u>857,731</u>
At 30 June 2020	<u>1,289,090</u>
NET BOOK VALUE	
At 30 June 2020	<u>2,941,358</u>
At 30 June 2019	<u>1,376,306</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020

7. INTANGIBLE ASSETS - continued

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

The amortisation expense of £859,731 (2019: £264,649) is included in administrative expenses.

**8. PROPERTY, PLANT
AND EQUIPMENT**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 July 2019	646,912	-	279,168	400,372	1,326,452
Additions	4,830,308	263,914	20,021	43,809	5,158,052
Disposals	-	-	-	(975)	(975)
At 30 June 2020	5,477,220	263,914	299,189	443,206	6,483,529
DEPRECIATION					
At 1 July 2019	46,933	-	57,873	243,272	348,078
Charge for year	569,589	77,503	98,634	87,917	833,643
Eliminated on disposal	-	-	-	(434)	(434)
At 30 June 2020	616,522	77,503	156,507	330,755	1,181,287
NET BOOK VALUE					
At 30 June 2020	4,860,698	186,411	142,682	112,451	5,302,242
At 30 June 2019	599,979	-	221,295	157,100	978,374

The table includes owned and right of use assets. The net book value in relation to the right-of-use assets is shown in Note 14.

The depreciation expense of £833,643 (2019: £210,901) is included in administration expenses.

**9. TRADE AND OTHER
RECEIVABLES**

	30.6.20 £	30.6.19 £
Current:		
Trade receivables	44,724	53,877
Other receivables	942,149	1,046,253
Amounts owed by related parties	-	21,900
Amounts owed by group undertakings	18,823,765	23,531,113
VAT	447,547	353,891
Accrued income	570,735	757,890
	<u>20,828,920</u>	<u>25,764,924</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

9. TRADE AND OTHER RECEIVABLES - continued

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 2020, there were no provisions against trade receivables (2019: £nil).

As at 30 June 2020, trade receivables of £861 (2019: £8,832) 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.

**10. CASH AND CASH
EQUIVALENTS**

	30.6.20	30.6.19
	£	£
Bank accounts	485,779	256,903

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	30.6.20	30.6.19
Number:	Class:	value:	£	£
2	Ordinary	£1	2	2

12. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 July 2019	744,077	369,640	1,113,717
Profit for the year	588,910	-	588,910
At 30 June 2020	1,332,987	369,640	1,702,627

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 July 2018	976,227	369,640	1,345,867
Deficit for the year	(232,150)	-	(232,150)
At 30 June 2019	744,077	369,640	1,113,717

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

**13. TRADE AND OTHER
PAYABLES**

	30.6.20 £	30.6.19 £
Current:		
Trade payables	1,878,357	2,192,590
Amounts owed to group undertakings	15,706,534	20,813,045
Other payables	361,299	372,190
Lease liabilities	573,940	-
Accruals	5,367,257	3,884,963
	<u>23,887,387</u>	<u>27,262,788</u>
Non-current:		
Lease liabilities	<u>3,968,283</u>	<u>-</u>
Aggregate amounts	<u>27,855,670</u>	<u>27,262,788</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.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020

14. LEASING

Right-of-use assets

Property, plant and equipment	30.6.20	30.6.19
	£	£
Cost		
Additions	5,090,326	-
Depreciation		
Charge for the year	(582,115)	-
NET BOOK VALUE	4,508,211	
Other leases	30.6.20	30.6.19
	£	£
Variable lease payments	(672,850)	-

Reconciliation of movements of liabilities to cashflows arising from financing activities

	Opening balance (£)	Interest (£)	Lease liability principal (£)	Recognition of lease liability (£)	Closing balance (£)
2020					
Lease liabilities	-	124,747	(672,850)	5,090,326	4,542,223

Lease commitments

The Company has entered into commercial leases on certain properties and items of equipment. These leases have a duration of between 1 and 10 years. Only the property lease agreements contain an option for renewal, and with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

The future aggregate minimum lease payments under non-cancellable leases are as follows:

	30.6.20	30.6.19
	£	£
No later than 1 year	573,940	742,452
Later than 1 year and no later than 5 years	2,221,897	2,476,489
Later than 5 years	1,746,386	2,403,282
	4,542,223	5,622,223

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

15. FINANCIAL INSTRUMENTS

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

	30.6.20		30.6.19	
	Book value	Fair value	Book value	Fair value
	£	£	£	£
Assets				
Trade and other receivables	19,810,638	19,810,638	24,653,143	24,653,143
Cash and cash equivalents	485,779	485,779	256,903	256,903
Liabilities				
Trade and other payables	18,520,130	18,520,130	23,377,825	23,377,825
Other payables > 1 year	3,968,283	3,968,283	-	-

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 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.

16. 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 2020**

17. 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:

	30.6.20	30.6.19
	£	£
Group companies		
Cromwell Property Group Czech Republic SRO	320	87,172
Cromwell Denmark A/S	110,599	1,010,830
Cromwell Development Management UK Limited	116,030	116,030
Cromwell Finland oy	393,052	1,944,127
Cromwell France S.A.S	607,349	1,006,841
Cromwell Germany GmbH	249,498	845,696
Cromwell Investment Services Limited	219,604	210,510
Cromwell Investment Management Services Limited	14,028,346	12,456,112
Cromwell Property Group Italy S.r.l	742,442	2,168,207
Cromwell Netherlands B.V.	72,786	2,965,584
Cromwell Poland Sp. z.o.o.	-	345,772
Cromwell Management Holdings Limited	2,508	-
Cromwell Promote CPRF Limited Partnership	517	511
Cromwell Coinvest ECV Limited Partnership	23,083	14,412
Cromwell Promote ECV Limited Partnership	24,158	15,712
Cromwell YCM Promote Limited Partnership	19,499	11,150
Cromwell CEE Promote Limited Partnership	25,037	16,333
Cromwell Coinvest CEIF Limited Partnership	28,740	20,393
Cromwell Promote CEIF Limited Partnership	12,318	4,865
Cromwell Promote HIG Limited Partnership	11,642	4,202
Cromwell WBP Poland Limited Partnership	11,473	10,884
Cromwell Promote CEVAF I Limited Partnership	19,553	11,211
Cromwell REIM Luxembourg S.a.r.l	31,869	-
Cromwell Property Group Romania SRL	-	53,456
Upperastoria Trading and Investment Ltd	5,538	-
Cromwell Investment Holdings UK Ltd	5,000	-
Cromwell CEE Development Holdings Limited	161,851	155,056
Cromwell Investment Luxembourg S.a.r.l	624,673	969
Cromwell Holdings Europe Limited	1,141	7,833
Cromwell Property Group Poland Sp z.o.o.	1,275,139	47,248
Amounts owed by group companies	<u>18,823,765</u>	<u>23,531,116</u>

**Cromwell European Management
Services Limited (Registered number: 03112917)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

17. Related party disclosures (continued)

	30.6.20	30.6.19
Group companies	£	£
Cromwell Asset Management UK Limited	(498,154)	(323,705)
IO Management Services Limited	(56,432)	(51,651)
Cromwell Capital Ventures UK Ltd	(13)	-
Cromwell Poland Retail UK Limited	(1,130,001)	(1,110,432)
Nordic Aktiv General Partner Limited	(130,000)	(130,000)
The IO Group Limited	(463,339)	(463,339)
Cromwell Europe Limited	(8,344,566)	(13,142,505)
Cromwell Sweden AB	(143,751)	(607,599)
Cromwell Corporate Secretarial Limited	(822,434)	(823,483)
Cromwell REIM Luxembourg S.a.r.l	-	(21,362)
Cromwell Development Holdings UK Limited	(2,333,267)	(2,383,267)
Cromwell European Holdings Limited	(1,784,577)	(1,755,702)
	<u>(15,706,534)</u>	<u>(20,813,045)</u>
Amounts owed to group undertakings		

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

Invoiced to:	30.6.20	30.6.19
	£	£
Cromwell Investment Luxembourg S.a.r.l	672,023	-
Cromwell Luxembourg SA	2,870	-
Cromwell Property Group Czech Republic SRO	212,289	171,560
Cromwell Denmark A/S	416,648	418,774
Cromwell Finland oy	1,335,864	1,774,919
Cromwell France S.A.S	2,363,085	1,584,429
Cromwell Germany GmbH	1,883,380	902,472
Cromwell Property Group Hungary Kft	-	15,621
Cromwell Property Group Italy S.r.l	2,189,908	2,224,886
Cromwell Investment Management Services Limited	1,400,000	1,400,000
Cromwell Netherlands B.V.	7,223,565	4,264,563
Cromwell Poland Sp. z.o.o.	7,710	705,329
Cromwell Norway A/S	-	803
Cromwell Property Group Poland Sp z.o.o.	4,506,562	731,818
Cromwell REIM Luxembourg S.a.r.l	32,038	33,144
Cromwell Property Group Romania SRL	40,781	31,427
Cromwell Sweden A/B	204,595	84,547
	<u>22,491,318</u>	<u>14,344,292</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

17. Related party disclosures (continued)

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

Invoiced by:	30.6.20 £	30.6.19 £
Group companies		
Cromwell Operations Pty	330,915	266,064
Cromwell REIM Luxembourg S.a.r.l	231,530	54,063
Cromwell Poland Sp. z.o.o.	-	39,212
Cromwell Netherlands B.V.	2,618,421	677,180
Cromwell Property Group Poland Sp z.o.o.	140,543	136,900
Cromwell Sweden A/B	580,632	739,141
Cromwell Investment Luxembourg S.a.r.l	68,944	-
Cromwell France SAS	17,001	-
Cromwell Germany GmbH	419,000	-
Cromwell Property Group Italy	118,259	-
Cromwell Denmark A/S	16,749	-
Cromwell Finland Oy	5,543	-
	<u>6,708,599</u>	<u>1,912,560</u>

Joint Venture of parent company:

Amounts owed by related parties at the reporting date are as follows:

Related Parties	30.6.20 £	30.6.19 £
Stirling Development Agency Limited	-	18,600
Talbot Green Developments Limited	-	3,300
	<u>-</u>	<u>21,900</u>

Key Management Compensation

Key management personnel received the following benefits during the year:

	30.6.20 £	30.6.19 £
Short term employee benefits	1,012,650	1,507,163
Post employment benefits	28,203	34,182
Termination benefits	-	-
	<u>1,040,853</u>	<u>1,541,345</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 30 June 2020**

18. 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.