Capital Management and Investment Plc

Report and Financial Statements

Year Ended

31 January 2014

Company Number 3214950

Capital Management and Investment Plc

Report and financial statements
for the year ended 31 January 2014

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Country of incorporation of Parent Company

England

Legal form

Public Limited Company

Directors

C C Nasser *
E A C Spencer-Churchill *
A G P Davies*
S Farrugia*
N Ledbetter
T D Woodcock

* Non Executive

Secretary and registered office

T D Woodcock, 54 Baker Street, London, W1U 7BU

Nominated broker and nominated adviser

N+1 Singer, One Bartholomew Lane, London, EC2N 2AX

Company number

3214950

Independent Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Registrars

Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Capital Management and Investment Plc

Chairman's Statement
for the year ended 31 January 2014

Final results for year ended 31 January 2014

Introduction

The company has 2 investments: a 2.8% (2013 - 2.8%) shareholding in Algeco Scotsman Holdings ("ASH") and a 7% (2013 - 7%) shareholding in Magticom. The fair value of the company's investment in ASH has been increased to reflect recent performance and also recognises the receipt of the distribution from the share capital reduction paid by ASH on 2 October 2013. The fair value of the company's investment in Magticom remains unchanged.

Results for the year

The Consolidated Income Statement shows a profit before tax of £2.977m (2013 - £13.784m). This is primarily due to the fair value adjustment in the carrying value of the company's shareholding in ASH of £3.486m.

The overall carrying value of the investment in ASH has declined from £23.765m to £19.905m. This reflects a modest increase in the performance based valuation, of £3.486m, which was off-set by a substantial cash distribution, of £6.351m, as a result of ASH's capital reduction and subsequent receipt of cash by shareholders during the year.

Other income of £0.244m (2013 - £0.348m) predominantly comprises £0.120m (2013 - £0.043m) fees paid by Algeco Scotsman in relation to the monitoring of our investment and £0.124m (2013 - £0.295m) from Yola Investments SARL in relation to monitoring fees of our investment in Magticom.

Administrative expenses of £0.744m (2013 - £0.638m) include £0.25m (2013 - £0.25m) payable for office services and foreign exchange losses of £0.130m arising from the retranslation of Euro cash balances at the year end. Your board continues to take steps to minimise administrative expenses where possible.

Net asset value ("NAV") per share is £3.76 (2013 - £3.46) and the company had net cash balances of £7.088m (2013 - £1.1m) at the year end.

Investment in Algeco Scotsman Holdings ("ASH")

On 14 May 2013 ASH announced a $400m 5 year PIK loan placement. The proceeds of the issue were used to return funds to shareholders via capital reduction of ordinary shares. CMI received £6.351m on 2 October 2013.

EBITDA of ASH was €390m for the year to December 2013 (year to December 2012 - €372m). The directors have valued the shareholding using peer group EBITDA multiples (discounted to reflect the lack of marketability of the shareholding) and adjusted for debt (including the $400m PIK loan referred to above) in line with International Private Equity Valuation Guidelines. Adopting these principles, the board has reduced the total carrying value of its 2.8% equity holding to £19.905m (2013 - £23,765m).

Investment in Yola Investments Sarl ("Yola")

The company holds an indirect investment of 7% in Magticom, the largest mobile telephone operator in The Republic of Georgia via its 33% shareholding in Yola Investments Sarl. Yola owns 43% of Metromedia International Group ("MIG") which in turn owns 46% of Magticom.

Trading at Magticom during 2013 was difficult in a challenging economic and competitive environment, as a result EBITDA for the year to December 2013 fell from $87m to $74m.

The board believes that the 46% shareholding that MIG holds in Magticom is worth less than the value of the loan notes to third parties, outstanding in MIG, as the value of the outstanding loan notes of c$252m is higher than a likely exit value based on a multiple of EBITDA. Consequently the Board continue to show the carrying value of its shareholding in Yola in the Financial Statements at £Nil.

Strategy going forward

CMI continues to actively monitor its investments in Yola and ASH through regular meetings with the management teams of ASH and Magticom, receipt of monthly financial reports, and attendance at board meetings.

The board takes the view that the market capitalisation of CMI should move broadly in line with the value of the underlying investments in ASH and Yola. The market price of CMI shares is a significant discount to NAV at the balance sheet date. The board believes that part of the reason is both the illiquidity of the shares and the current illiquidity of the investments that it holds. However, your board believes that if its investment in Algeco Scotsman were to become more liquid then there would be a significant rerating of your company.

Dividends

The board is not recommending payment of a dividend for the year under review (2013 - £Nil).

Giles Davies
Chairman

Date

Strategic report
for the year ended 31 January 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 January 2014.

Results and dividends

The Consolidated Income Statement is set out on page 12 and shows the profit for the year. Further commentary is set out in the Chairman's Statement.

The directors do not recommend the payment of a dividend (2013 - £Nil).

Principal activities, trading review and future developments

The principal activity of all companies within the group is that of investment holding companies.

A trading review and discussion of recent and future developments is given in the Chairman's statement. Further historical performance information on the company's investments is included in Note 9.

Risks and uncertainties

The company has a significant proportion of net assets invested in its shareholding in Algeco Scotsman. This is a private company and is not controlled by Capital Management and Investment Plc ("CMI"). Consequently the shareholding is illiquid and there are currently no plans that the shareholding will be sold for the foreseeable future.

CMI's other principal asset is a minority shareholding in Magticom, a mobile telecom company in the Republic of Georgia. Again, this is a private company over which CMI has no control. Consequently the shareholding is illiquid and there are currently no plans that the shareholding will be sold for the foreseeable future.

The investments in Algeco Scotsman and Magticom may require further equity going forward. At present CMI does not have sufficient cash reserves to provide substantial follow-on investment. If the investments require further cash then CMI may have to raise additional funds or allow its current shareholding in the investments to be diluted.

Further details of CMI's financial instrument risk can be found in Note 17 of the consolidated financial statements.

Share price

The company's share price at 31 January 2014 was 262.5p (2013 – 33.5p). The high and low prices during the year were 262.5p and 33.5p respectively.

Key Performance Indicators

The Board considers that the key indicator of financial performance is Net Asset Value per share as this reflects the underlying value of the investments which is an appropriate measure for a business of this nature. As at 31 January 2014 this was £3.76 per share (2013 - £3.46). As the company is an investment company, the Board do not consider that any non-financial KPI's are appropriate at this time.

Corporate governance

The company is quoted on the AIM Market, so is not required to adopt the requirements of the UK Corporate Governance Code (the "Code"). Nevertheless, the board recognises that corporate governance is a key concern to shareholders and other users of financial statements. Accordingly, it is committed to high standards of corporate governance but it considers that the expense of full compliance with the Code is not currently appropriate. However, the board intends to ensure that it observes the provisions of the Code, so far as is practicable.

The necessity for full compliance with the provisions of the Code will be reviewed by the Board if acquisitions are made during the forthcoming year.

There is no formal means of communication between the directors and the company's shareholders but directors will make themselves available to answer shareholders' questions at the Annual General Meeting or via correspondence.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Approval

This Strategic Report was approved on behalf of the Board on 5 Jun 2014

T D Woodcock

Director

Report of the Directors
for the year ended 31 January 2014

The directors present their report together with the audited financial statements for the year ended 31 January 2014.

Directors

The directors of the company during the year and their beneficial and other interests in the ordinary share capital of the company were:

	Share Options		Ordinary shares of £1 each	
	2014	2013	2014	2013
C C Nasser	-	-	288,273	288,273
E A C Spencer-Churchill	-	-	347,244	347,244
S Farrugia	16,667	16,667	210	210
A G P Davies	66,667	66,667	-	-
N Ledbetter (appointed 3 February 2014)	-	-	-	-
T D Woodcock	66,667	66,667	52,867	52,867

Charles Nasser's interest includes 129,394 (2013 - 129,394) ordinary shares held by Bipolar Holdings Limited, a company owned by the Nasser family.

The board consists of a chairman, Giles Davies, one executive director and four other independent non-executive directors. The board meets regularly and although it does not have a formal schedule of matters reserved to it for decision, all important business decisions are taken at board level and board meetings are structured.

The directors are authorised to take independent professional advice if necessary and at the company's expense. This is in addition to the access which every director has to the company secretary. The secretary is charged by the board with ensuring that board procedures are followed.

To enable the board to function effectively and for the directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of board meetings, this consists of a comprehensive set of papers, including monthly management accounts, minutes of the last board meeting and discussion documents regarding specific matters.

Any director appointed during the year is required, under the provisions of the company's articles of association, to retire and seek re-election by shareholders at the next annual general meeting. The Articles also require that one third of the directors retire by rotation each year and seek re-election at the annual general meeting. The directors required to retire are those in office longest since their previous re-election and this means that each director retires at least every three years.

Full details of directors' remuneration and a statement of the company's remuneration policy is set out in the report on remuneration and related matters on page 8.

Charitable and political contributions

During the year, the group made charitable donations totalling £9,745 (2013 - £Nil). There were no political donations.

Financial instruments

Details of the group's financial instruments and policies are given in Note 17 to the consolidated financial statements.

Directors' responsibilities

The directors are responsible for preparing the strategic report, the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with UK GAAP. 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 group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

By order of the Board

T D Woodcock

Secretary

Date 5 Jun 2014

Capital Management and Investment Plc

Report on Remuneration and Related Matters
for the year ended 31 January 2014

This report covers the remuneration of the Non-Executive directors as well as the Executive director. It therefore covers issues which are the concern of the Board as a whole in addition to those which are dealt with by the Remuneration Committee.

The Remuneration Committee

The Remuneration Committee reviews, determines and recommends to the Board for approval the remuneration of the Executive director. It has established a framework of policies within which it sets the remuneration package for the Executive director. The Remuneration Committee is made up wholly of Non-Executive directors:

A G P Davies - Chairman
S Farrugia

Remuneration policies

The objectives of the Remuneration Committee's policies are that the Executive director should receive compensation which is appropriate to their scale of responsibility and performance, and which will attract, motivate and retain executives of the necessary calibre. The committee also proposes the principles underlying remuneration for other senior executives.

The remuneration package of T D Woodcock consists of annual salary, reimbursement of reasonable mobile phone rental and call costs, contributions to a pension scheme and private medical insurance.

T D Woodcock is entitled to participate in the company's Executive Share Option Scheme and to receive an annual cash bonus.

Summary of remuneration

Salary of the Executive Director

In setting salary levels, the committee compared the remuneration packages with those for jobs of similar type and seniority in relevant similar companies. In selecting appropriate survey comparators, consideration was given to the level of managerial responsibility, size of company and industry sector.

Bonuses

Annual cash bonuses are currently based on targets linked to financial performance measured by reference to annual profits. Annual cash bonuses do not form part of the pensionable earnings.

Pensions

The company has contributed to the Executive director's defined contribution pension scheme at a rate based on basic salary.

Service Contracts

The services of the Executive director are provided under a contract which may be terminated on one year's notice or less following an initial term of office as follows:

	Date initial Term expired
T D Woodcock	18 October 1999

Summary of remuneration *(continued)*

Non-Executive directors are subject to retirement by rotation in accordance with the company's Articles of Association.

Table of Directors' remuneration

	Total 2014 £'000	Total 2013 £'000
Executive Director		
T D Woodcock	70	70
Non-executive Directors		
C C Nasser	-	-
E A C Spencer-Churchill	-	-
S Farrugia	15	15
N Ledbetter	-	-
A G P Davies	48	40
Total	133	125

Related party transactions with directors are disclosed in Note 16.

	Contributions to defined contribution pension 2014 £'000	2013 £'000
Executive Director		
T D Woodcock	8	8

The company makes contributions to the personal pension plan of the current Executive director.

The company made no pension contributions in respect of any of the other directors in the current or prior year.

A G P Davies

Chairman of the Remuneration Committee on behalf of the Board of Directors

Date

TO THE MEMBERS OF CAPITAL MANAGEMENT AND INVESTMENT PLC

We have audited the financial statements of Capital Management and Investment Plc for the year ended 31 January 2014 which comprise the consolidated income statement, consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement, the related notes and the parent company balance sheet and related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

BDO LLP

Gary Hanson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

5/6/2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Capital Management and Investment Plc

Consolidated Income Statement
and Consolidated Statement of Comprehensive Income
for the year ended 31 January 2014

Consolidated Income Statement

	Note	2014 £'000	2013 £'000
Fair value gain on investments	9	3,486	14,078
Other income		244	348
Total income		3,730	14,426
Administrative expenses		(744)	(638)
Operating profit	4	2,986	13,788
Finance income	5	-	1
Profit before taxation		2,986	13,789
Taxation	6	(9)	(5)
Profit for the year attributable to the owners of the parent		2,977	13,784
Basic profit per share	7	£0.42	£1.92
Diluted profit per share	7	£0.41	£1.89

Consolidated Statement of Comprehensive Income

	2014 £'000	2013 £'000
Profit for the year	2,977	13,784
Exchange differences arising on translation of foreign operations	(863)	321
Total comprehensive income for the year net of taxation	2,114	14,105

The notes on pages 16 to 30 form part of these consolidated financial statements.

Capital Management and Investment Plc

Consolidated Statement of Changes in Equity
at 31 January 2014

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 January 2012		7,162	40,305	1,693	37,415	(75,960)	10,615
Exchange differences arising on translation of foreign operations		-	-	-	321	-	321
Profit for the year		-	-	-	-	13,784	13,784
Total comprehensive income for the year net of tax		-	-	-	321	13,784	14,105
Share options charge	14	-	-	-	-	56	56
Balance at 31 January 2013		7,162	40,305	1,693	37,736	(62,120)	24,776
Exchange differences arising on translation of foreign operations		-	-	-	(863)	-	(863)
Profit for the year		-	-	-	-	2,977	2,977
Total comprehensive income for the year net of tax		-	-	-	(863)	2,977	2,114
Share options charge	14	-	-	-	-	14	14
Balance at 31 January 2014		7,162	40,305	1,693	36,873	(59,129)	26,904

The notes on pages 16 to 30 form part of these consolidated financial statements.

Capital Management and Investment Plc

Consolidated Balance Sheet
at 31 January 2014

Company number 3214950	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Assets					
Non-current assets					
Property, plant and equipment	8		-		-
Investments	9		19,905		23,765
Total non-current assets			19,905		23,765
Current assets					
Other receivables	10	127		187	
Cash and cash equivalents		7,088		1,111	
Total current assets			7,215		1,298
Total assets			27,120		25,063
Liabilities					
Current liabilities					
Trade and other payables	11	(181)		(282)	
Corporation tax		(35)		(5)	
Total current liabilities			(216)		(287)
Total net assets			26,904		24,776
Capital and reserves attributable to owners of the parent					
Share capital	13		7,162		7,162
Merger reserve	15		1,693		1,693
Share premium account	15		40,305		40,305
Foreign currency translation reserve	15		36,873		37,736
Retained earnings	15		(59,129)		(62,120)
Total equity			26,904		24,776

The financial statements were approved by the Board of directors and authorised for issue on 5 June 2014

A G P Davies)
) **Directors**
T D Woodcock)

5/6/14

The notes on pages 16 to 30 form part of these consolidated financial statements.

Capital Management and Investment Plc

Consolidated Cash Flow Statement
for the year ended 31 January 2014

	Note	2014 £'000	2013 £'000
Cash flow from operating activities			
Profit for the year		2,977	13,784
Adjustments for:			
Fair value gain on investment	9	(3,486)	(14,078)
Finance income		-	(1)
Foreign exchange loss/(gain)		23	(7)
Equity settled share based payment expense	14	14	56
Income tax	6	9	5
Cash flows from operating activities before changes in working capital		(463)	(241)
(Decrease)/increase in trade and other payables		(101)	24
Decrease in other receivables		60	280
		(41)	304
Cash (outflow)/inflow from operations		(504)	63
Income taxes paid		-	(15)
Net cash (outflows)/inflows from operating activities		(504)	48
Investing activities			
Share capital redemption by ASH		6,351	-
Interest received		-	1
Net cash generated in investing activities		6,351	1
Net increase in cash and cash equivalents		5,847	49
Cash and cash equivalents at beginning of year		1,111	1,058
Exchange differences on cash and cash equivalents		130	4
Cash and cash equivalents at end of the year		7,088	1,111

The notes on pages 16 to 30 form part of these consolidated financial statements.

1 Accounting policies

Basis of preparation

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

These consolidated financial statements incorporate the results of Capital Management and Investment Plc and all of its subsidiary undertakings as at 31 January 2014 and have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union, and are in accordance with those parts of the Companies Act 2006 applicable to companies preparing its financial statements in accordance with IFRS.

The parent company financial statements have been prepared in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice and can be found on page 31.

Revenue

Revenue is recognised to the extent that it is probable that there will be economic benefit and the income can be reliably measured. Investment income is analysed into the following components:

- Other income includes fees that are earned in respect of activities undertaken as part of the monitoring of the investments spread evenly over the year.
- Fair value gains/losses on investments are recognised in the income statement, where there is a change in the fair value of the investment. The fair value of investments is reviewed at least annually and more regularly if indicators of impairment are identified.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as purchase price, cost includes directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operation. All items are subsequently carried at depreciated cost.

Depreciation is provided to write off the carrying value of all items evenly over their expected useful economic lives. It is calculated at the following rates:

Fixtures and fittings - 25% per annum straight line

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

1 Accounting policies *(continued)*

Deferred taxation (continued)

Deferred tax assets and liabilities are offset when the group has a legally enforceable right and intention to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Retirement benefit costs

The group makes contributions to employees' personal pension schemes. All contributions are charged to the consolidated income statement in the year in which they relate.

Financial instruments

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instruments (see Note 17).

Financial assets

The group's financial assets fall into two categories; loans and receivables and fair value through profit and loss. The Group does not have any financial assets classified as available for sale. The group has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying values of the group's financial assets are a reasonable approximation of their fair values.

Loans and receivables

The Group's loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. The Group does not have any bank overdrafts.

They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered material.

Fair value through profit or loss

This category of financial assets comprises only equity investments held by the Group. They are carried on the balance sheet at fair value with changes in fair value being recognised in the consolidated income statements.

Investments are recognised and derecognised on a date where the purchase and sale of investment is under a contract whose terms require the delivery and settlement of the investments. The Group manages its investments with a view to profiting from the receipt of dividends and changes in fair value of equity investments.

1 Accounting policies *(continued)*

Financial liabilities

The group financial liabilities fall into the classification of those measured at amortised cost.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Fair value measurement hierarchy

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see Note 2). The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Operating leases

Operating lease rental charges are charged to the consolidated income statement on a straight-line basis over the term of the lease.

Foreign currency

Items included in the financial statements of each of the Group's subsidiary undertakings are measured using the currency of the primary economic environment in which the subsidiary undertaking operates, where the subsidiary operates with a significant degree of autonomy (the 'functional currency'). The consolidated financial statements are presented in sterling, which is the presentational currency of the Group and the functional currency of the parent company.

Foreign currency transactions denominated in a currency other than the functional currency of the entity are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the consolidated income statement.

The results of overseas operations are translated into sterling at rates appropriating to those ruling when the transactions took place, with the balance sheet being translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiaries are recognised directly in equity (the "Foreign Currency Translation Reserve.").

On transition to IFRS, as permitted under IFRS 1 'First Time Adoption of International Financial Reporting Standards', only these exchange differences arising on the translation of foreign operations since 1 February 2006 have been recognised as a separate component of equity, with the related reserve being reset to zero at that date.

1 Accounting policies *(continued)*

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

The vesting conditions of share options granted require for the recipient to remain an employee of the company.

Segmental reporting

The principal activity of all the companies within the group is that of investment holding companies. The directors consider it appropriate that there is only one operating segment, being venture capital investments that the group operates from.

This is also consistent with information received by management during the year, and hence no further segmental analysis has been provided.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability.

The Group's ordinary shares are classified as equity instruments. For the purposes of the disclosures given in Note 15, the Group considers its capital to comprise of ordinary share capital, share premium and retained earnings.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 February 2013

The following new standards, interpretations and amendments, applied for the first time from 1 February 2013, have had an effect on the financial statements:

- IFRS 13 Fair Value Measurement (Effective for periods beginning on or after 1 January 2013): defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value. IFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements and improve consistency in application.

- Annual Improvements to IFRSs (2009–2011 Cycle) (Effective for periods beginning on or after 1 January 2013): the amendment clarifies the requirements of IFRSs and eliminate inconsistencies within and between Standards.

None of the other new standards, interpretations and amendments effective for the first time from 1 February 2013, have had a material effect on the financial statements.

1 Accounting policies *(continued)*

b) Standards, amendments and interpretations to published standards not yet effective

The following new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning after 1 February 2014 and which the group has decided not to adopt early.

- IFRS 12 Disclosure of Interests in Other Entities (Effective for periods beginning on or after 1 January 2014): includes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities. Management is still assessing the impact of this revision.

- IAS 27 Separate Financial Statements (Effective for periods beginning on or after 1 January 2014): contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with the applicable financial instruments standard (i.e. IAS 39 or IFRS 9). The definitions and wording in the new standard have been updated to be consistent with the requirements in IFRS 10, IFRS 11, IFRS 12 and IAS 28 (as amended in 2011) but the accounting treatments themselves are unchanged. Management is still assessing the impact of this revision.

- IFRS 10 Consolidated Financial Statements (Effective for periods beginning on or after 1 January 2014): IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The new standard replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Management is still assessing the impact of this revision.

- IFRS 9 Financial Instruments (Effective for periods beginning on or after 1 January 2015): IFRS 9 Financial instruments will ultimately replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The new IFRS is being developed in several phases. This revision is yet to be endorsed by the EU. This standard will eventually replace IAS 39 in its entirety. Management is still awaiting the endorsement and confirmation of this standard in its final form, and is therefore yet to assess the impact of this revision.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (Effective for periods beginning on or after 1 January 2014): The Amendments provide an exception from the requirements for a qualifying entity to consolidate its controlled investees and, instead, requires them to present their investments in subsidiaries as a net investment that is measured at fair value. The exception means that investment entities will be able to measure all of their investments at fair value using the requirements in IFRS. Management is still assessing the impact of this revision.

- Annual Improvements to IFRSs (2010-2012 Cycle) (Effective for periods beginning on or after 1 July 2014): The amendment clarifies the requirements of IFRSs and eliminate inconsistencies within and between Standards. These amendments affect IFRS 2 Share-based Payment; IFRS 3 Business Combinations; IFRS 8 Operating Segments ;IFRS 13 Fair Value Measurement; IAS 16 Property, Plant and Equipment/IAS 38 Intangible Assets; IAS 24 Related Party Disclosures and IAS 38 Intangible Assets.

- Annual Improvements to IFRSs (2011-2013 Cycle) (Effective for periods beginning on or after 1 July 2014): The amendment clarifies the requirements of IFRSs and eliminate inconsistencies within and between Standards. These amendments affect IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 3 Business Combinations ; IFRS 13 Fair Value Measurement and IAS 40 Investment Property.

None of the other new standards, amendments or interpretations in issue is expected to have a material effect on the group or company financial statements.

2 Critical accounting judgement and key sources of estimation

In the process of applying the Group's accounting policies, which are described in Note 1, management has made the following judgements that have the most significant impact on the amounts recognised in the financial statements.

Accounting treatment of investments

Management have made the judgement that the principal activity of all the companies within the group is that of investment holding companies. All investments which are not subsidiaries are managed, evaluated and the optimal exit point is actively monitored, as such the portfolio meets the criteria to be measured at fair value through profit and loss under IAS 39.9.

Valuation of unquoted equity investments

The judgements required in order to determine the appropriate valuation methodology of unquoted equity investments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. These judgements include making assessments of future earning potential of portfolio companies, appropriate earnings multiples to apply, and marketability discounts. See Note 17.

3 Directors and employees

There are no other employees of the company except for the directors.

	2014 £'000	2013 £'000
Directors salaries:		
Wages and salaries	133	125
Defined contribution pension costs	8	8
Share based payment charge	14	56
	155	189

The average number of employees, including directors, during the year was 3 (2013 - 3).

Social security costs were £16,000 (2013 - £15,000).

During the year 1 director (2013 - 1) participated in a defined contribution pensions scheme. During the year none of the directors (2013 - Nil) exercised share options.

Further details of directors' remuneration are included in the Report on Remuneration and Related Matters (pages 8 to 9).

4 Operating profit

	2014 £'000	2013 £'000
This is arrived at after charging/(crediting):		
Foreign currency loss/(gain)	153	(3)
Auditors' remuneration - fees payable to the company's auditors for the audit of the company's annual accounts	39	39
Share based payment charge	14	56

5 Finance income

	2014 £'000	2013 £'000
Bank interest received	-	1

6 Taxation

	2014 £'000	2013 £'000
UK corporation tax	-	-
Overseas corporation tax	9	5
Total corporation tax expense	9	5

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £'000	2013 £'000
Profit for the year	2,986	13,789
Expected tax charge based on the standard rate of corporation tax in the UK of 23.16% (2013 - 24%)	692	3,355
Effects of:		
Expenses not deductible for tax purposes	8	16
Losses carried forward	102	48
Difference in overseas tax	9	5
Fair value gain on investments	(802)	(3,419)
Total tax expense	9	5

7 Profit per share

The basic earnings per share £0.42 (2013 - £1.92 per share) is calculated by reference to the profit after taxation of £2,977,000 (2013 - £13,784,000) and the weighted average number of ordinary shares in issue during the year of 7,162,133 (2013 - 7,162,133).

The diluted earnings per share £0.41 (2013 - £1.89 per share) is calculated by reference to the profit after taxation of £2,977,000 (2013 - £13,784,000) and the fully diluted weighted average number of ordinary shares in issue during the year of 7,312,134 (2013 - 7,312,134).

	2014 Number	**2013 Number**
Basic number of shares	7,162,133	7,162,133
Unexercised options	150,001	150,001

The number of options outstanding at 31 January 2014 was 150,001 (Note 14).

8 Property, plant and equipment

	Fixtures and fittings £'000
Cost	
At 1 February 2013 and 31 January 2014	210
Depreciation	
At 1 February 2013 and at 31 January 2014	210
Net book value	
At 1 February 2013 and at 31 January 2014	-

9 Investments

	Algeco Scotsman £'000	Yola Investments £'000	Total £'000
Opening value	23,765	-	23,765
Fair value adjustment	3,486	-	3,486
Foreign exchange loss	(995)	-	(995)
Equity repayment	(6,351)	-	(6,351)
At 31 January 2014	19,905	-	19,905

The fair value of the investments in Algeco Scotsman SARL and Yola Management SARL have been assessed by the directors in line with the accounting policies adopted by the company.

Investment in Algeco Scotsman

Algeco Scotsman Holding SARL ("ASH") was formed in October 2007 following the merger of Algeco, Europe's leading modular construction and mobile storage business, with Williams Scotsman, the dominant modular storage rental business in North America.

In December 2009 ASH successfully completed a financial restructuring that resulted in a significant reduction in debt held by third parties and an agreement by the shareholders to invest an additional €125 million into the capital of the company.

Following the restructuring, CMI's existing equity shareholding in ASH reduced from approximately 28% to around 1% which was the position as at 31 January 2010.

CMI entered into an option agreement with the principal shareholder of ASH, TDR Capital, to invest up to €10 million of new equity into ASH on broadly the same terms as the TDR investment on or before 30 April 2010.

Following the Placing and Open Offer of Ordinary shares, CMI exercised this option on 23 April 2010 and paid the first instalment of €6.227m (£5.331m) on 30 April 2010. The balance of €4.08m (£3.470m) was paid on 21 September 2010. Following this, CMI owned 6.58% of the ordinary share capital of ASH.

On 12 October 2013 ASH completed the acquisition of Ausco Modular Holdings Ltd and a refinancing that involved the repayment or capitalisation of all existing bank lending facilities and issue of €2,195m of new secured and unsecured bonds.

The Ausco acquisition gives ASH a significant market presence in the Asia-Pacific region, substantial exposure to high growth markets, and expansion of the company's current geographic footprint.

ASH also completed a refinancing of its debt facilities. ASH issued $1,075 million principal amount of 8.50% Senior Secured Notes due for repayment in 2018 and €275 million aggregate principal amount of 9.00% Senior Secured Notes due for repayment in 2018 (collectively, the "Senior Secured Notes") and $745 million aggregate principal amount of 10.75% Senior Unsecured Notes due for repayment in 2019 (the "Senior Unsecured Notes" and, together with the Senior Secured Notes, the "Notes"), and secured an additional asset backed facility of up to $1.2 billion. All existing debt facilities were either capitalised or repaid. As a result of this acquisition and restructuring, the CMI's shareholding in the enlarged group decreased from 6.57% to 2.78%.

9 Investments *(continued)*

On 14 May 2013 ASH announced a $400m 5 year PIK loan placement. The proceeds of the issue were used to return funds to shareholders via capital redemption of ordinary shares. CMI received £6.351m on 2 October 2013.

EBITDA of ASH group was €390m for the year to December 2013. The directors have valued the shareholding using a peer group EBITDA multiple of 8.8 (stated net of a 20% discount to reflect the lack of marketability of the shareholding) and adjusted for debt, of €2,582m (including the $400m PIK loan referred to above), in line with International Private Equity Valuation Guidelines. Adopting these principles, when taking into account the distribution from the share capital reduction, your board has reduced the carrying value of its 2.8% equity holding to €24.250m (£19.905m).

The company records the carrying value of its shareholding in ASH in the Financial Statements at fair value. The directors are of the view that the fair value of the investment should be calculated using International Private Equity Guidelines. These are based on the business continuing to perform in line with historical and budgeted levels and that the business can be assumed to have an ultimate exit multiple at or around the equivalent for businesses of a similar size and scope.

The key sensitivities to valuation are the underlying performance of ASH, the EBITDA multiple applied to those earnings and the marketability discount. Based on the valuation methodology in Note 17, with all other inputs remaining constant, applying a marketability discount of 10%, 20% and 30% to the EBITDA multiple and to 2013 combined EBITDA of €390m gives a valuation range of CMI's shareholding of €12.247m, €24.250m and €36.254m respectively.

Applying a multiple of 8, 9 and 10 times to 2013 combined EBITDA of €390m, with a constant marketability discount gives a valuation range of CMI's shareholding of €14.734m, €25.558m and €36.362m respectively.

Given the current profitability levels of ASH and the PE ratios seen in the market, a change in EBITDA levels of 5% would not cause the fair value attributable to this investment to move outside of this valuation range.

Investment in Yola Investments Sarl ("Yola")

CMI holds an indirect investment of 7% in Magticom, the largest mobile telephone operator in The Republic of Georgia via its 33% shareholding in Yola Investments Sarl, which in turn owns 43% of Metromedia International Group Inc ("MIG") which owns 46% of Magticom.

CMI reported in the Interim Statement issued on 28 October 2010 that MIG had filed for chapter 11 protection from creditors and that it was in dispute with the holders of the Preference Shares in connection with the value attributable to the Preference Shares.

MIG emerged from Chapter 11 protection from creditors on 31 December 2010 following the agreement of a payment schedule with Preference Shareholders following the determination by the US court of the total amount owing to the holders of the Preference Shares by MIG at $225m. As at the year end the value of the outstanding loan notes was $252m.

Trading at Magticom during 2013 has worsened as a result of competitive pressure and the difficult economic situation in Georgia. Reported EBITDA for 2013 is likely to be $74m (2012 - $87m). The directors believe that an EBITDA multiple of 5 represents their best estimate.

In view of the amount owed to creditors, the likely multiple on exit, the continued uncertainty of the economic situation in Georgia, and continued competitive pressure the Board continue to show the carrying value of its shareholding in Yola in the Financial statements at £nil. These uncertainties also represent the major sensitivities in the valuation.

10 Other receivables

	2014 £'000	2013 £'000
Other receivables	39	39
Taxation and social security receivables	4	29
Prepayments and accrued income	84	119
	127	187

The Group does not hold any collateral security. The carrying amount of other receivables approximates to their fair values.

11 Trade and other payables

	2014 £'000	2013 £'000
Other payables	13	89
Trade payables	58	75
Taxation and social security payables	6	2
Accruals	104	116
	181	282

The carrying amount of trade and other payables approximates to their fair values.

12 Deferred taxation

	2014 £'000	2013 £'000
Unrecognised deferred tax amounts are as follows:		
Capital allowances in excess of depreciation	(15)	(17)
Unrelieved capital losses	(1,462)	(1,681)
Management expenses and non-trading deficits	(2,006)	(2,205)
Overseas losses	(196)	(196)
	(3,679)	(4,099)

Amounts in brackets denote a deferred tax asset.

The assets in respect of unrelieved capital and trading losses will be recoverable when the company makes suitable capital gains and trading profits respectively, that can be offset against these losses.

The directors believe that the group qualifies for substantial shareholder exemption and therefore no deferred tax is provided for in respect of the net movement in valuation of the group's equity investments.

13 Share capital

	Called up, allotted and fully paid			
	2014 Number	2014 £'000	2013 Number	2013 £'000
Ordinary shares of 100p each	7,162,133	7,162	7,162,133	7,162

14 Share-based payment

The company operates HM Revenue & Customs unapproved equity-settled share based remuneration schemes for the employees.

In 2011 company granted unapproved share options of 16,667 to S Farrugia, 66,667 to A G P Davies and 66,667 to T D Woodcock.

The fair value of these entitlements was measured at grant date, taking into account the terms and conditions upon which they were granted, and spread over the period during which the holders become unconditionally entitled to them. The options are equity settled and therefore there is no requirement to reassess the value at each balance sheet date. The fair value of these entitlements granted is recognised as an expense with a corresponding increase in equity.

Share based payments	2014 £000	2013 £000
Shared based payment expense	14	56

Share options	2014 Weighted average exercise price	2014 Number	2013 Weighted average exercise price	2013 Number
Outstanding at beginning of the year	£1.50	150,001	£1.50	150,001
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	£1.50	150,001	£1.50	150,001

The exercise price of options outstanding at the end of the year was £1.50 (2013 - £1.50) and their weighted average remaining contractual life was 6.25 years.

Details of the option pricing model and the assumptions are set out below:

Equity settled	2014	2013
Option pricing model used	Black Scholes	Black Scholes
Weighted average exercise price at grant date (pence)	175	175
Exercise price (pence)	150	150
Weighted average contractual life (days)	3,650	3,650
Expected volatility	50	50
Risk-free interest rate	2	2
Expected dividend growth rate	-	-

14 Share-based payment *(continued)*

Of the total number of options outstanding at the end of the year 56,250 (2013 - 41,250) had vested.

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

No options were exercised during the year.

15 Reserves

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value.
Merger reserve	The premium on shares issued where the company has taken advantage of the Companies Act 2006 merger relief provisions on the acquisition of subsidiaries.
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of overseas operations into sterling.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

16 Related party transactions

Sun Capital Partners Limited is a related party as E A Spencer-Churchill was a director of that company during the year. Sun Capital Partners Limited invoiced Capital Management and Investment PLC £250,000 (2013 - £250,000) for office accommodation and administrative services provided, excluding VAT. In addition, Capital Management and Investment Plc invoiced Sun Capital Partners Limited £119,575 (2013 - £245,197) for monitoring fees, excluding VAT. The amount outstanding from CMI at the year end was £11,064 (2013 - £88,257) included in trade and other payables.

17 Financial instruments

In common with all other businesses, the Group is exposed to risks that arise from use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

The principal financial instruments used by the Group from which financial instrument risk arises are equity investments held by the Group and cash and cash equivalents.

Cash and cash equivalents

The main risks arising from these financial instruments are interest rate risk, liquidity risk and foreign currency exchange rate risk. The policies for managing each of these risks are as follows:

Interest rate risk - The Group has net cash and places its balances on short term deposits. Changes in interest rates will affect the return on cash balances. The group does not hold or issue derivative financial instruments to mitigate this risk. If interest rates were to rise by 0.5%, the interest income recognised in the Income Statement would have been £35,500 (2013 - £5,600). The directors are satisfied that 0.5% is an appropriate estimate of any potential change in interest rates.

Liquidity risk - The Group has net cash and has a policy of ensuring sufficient funds are always available for its operating activities. While the need for borrowing facilities are not required at present, the Board continually monitors the Group's cash requirements.

Foreign currency exchange risks - The Group has foreign currency exposure through its cash and cash equivalents of £6.769m (2013 - £0.334m) held in bank deposits, which are dominated in Euros and US Dollars. The group does not currently hedge these exposures, although this will be kept under review. Cash is deposited with reputable banks and financial institutions in order to reduce any risk attached. The directors monitor the situation on an ongoing basis.

The group also has some exposure to foreign exchange risk on intercompany balances.

In addition, the Group's investments are denominated in foreign currencies. While fluctuations in exchange rates will not impact the income statement the value of these investments will move with changes in exchange rates with the movement going to the Foreign Currency Translation Reserve.

Equity Investments

These investments are carried at fair value and any adjustments to this fair value are recognised in the income statement, giving rise to fair value risk.

Where investments are held in unquoted equity instruments the fair value of these investments is determined:

- initially at cost (which is the fair value of the consideration given), less any required provision; and
- subsequently using an earnings multiple model.

17 Financial instruments *(continued)*

Equity Investments (continued)

The process of estimating the Fair Value of an investment involves selecting one of the above methodologies and using that to derive an Enterprise Value for the investee company. The process is then to:

- deduct from the Enterprise Value all financial instruments ranking ahead of CMI
- apply an appropriate marketability discount
- apportion the remaining value over the equity shares.

The Marketability Discount will generally be between 10% - 30% with the level set to reflect CMI's influence over the exit prospects and timing for the investee company.

When using the earnings multiple methodology, earnings before interest, tax, depreciation, and amortisation ("EBITDA") are used - generally from the last full year historical statutory or management accounts. An appropriate multiple is applied to these earnings to derive an Enterprise Value.

In the current year a fair value adjustment of £3.49m (2013 - £14.1m) was recognised within the income statement. Both investments are classified under the fair value measurement hierarchy as level 3 financial assets.

Capital

As described in Note 1, the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained earnings. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and, if appropriate, distributions. The group has historically considered equity funding as the most appropriate form of capital for the group but keeps this under review bearing in mind the risks, costs and benefits to equity shareholders of introducing debt finance.

Capital Management and Investment Plc

Company Balance Sheet
at 31 January 2014

Company number 3214950	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Investments	4		16,637		16,637
Current assets					
Debtors - due within one year	5	109		162	
Debtors - due after more than one year	6	7,945		8,432	
		8,054		8,594	
Cash at bank and in hand		7,020		1,070	
		15,074		9,664	
Creditors: amounts falling due within one year	7	(9,080)		(3,216)	
Net current assets			5,994		6,448
Total assets less current liabilities			22,631		23,085
Creditors: amounts falling due after more than one year	8		(14,051)		(14,061)
			8,580		9,024
Capital and reserves					
Called up share capital	10		7,162		7,162
Share premium account	11		40,305		40,305
Profit and loss account	11		(38,887)		(38,443)
Shareholders' funds			8,580		9,024

The financial statements were approved by the Board of directors and authorised for issue on 5 Jun 2014

A G P Davies)
) **Directors**
T D Woodcock)

The notes on pages 32 to 36 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Fixed asset investments

Investments held as fixed assets are valued at cost less any provision for impairment. Where possible, the company takes advantage of the merger relief provisions of the Companies Act.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings - 25% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs

The company makes contributions to employees' personal pension schemes. All contributions are charged to the profit and loss account in the year in which they become payable.

Income from fixed asset investments

Income from fixed asset investments represents dividends receivable.

Operating leases

Operating lease rental charges are charged to the profit and loss account on a straight-line basis over the term of the lease.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

1 Accounting policies *(continued)*

Share options and warrants

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated profit and loss statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

The vesting conditions of share options granted require for the recipient to remain an employee of the company.

Related party transactions

The company is also exempt under the terms of FRS 8, Related Party disclosures, from disclosing related party transactions, with wholly owned subsidiary undertakings.

2 Result for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss after tax of £458k (2013 - £253k) which is dealt with in the financial statements of the parent company.

3 Tangible fixed assets

	Fixtures and fittings £'000
Cost	
At 1 February 2013 and at 31 January 2014	210
Depreciation	
At 1 February 2013 and 31 January 2014	210
Net book value	
At 31 January 2013 and 31 January 2014	-

4 Investments

Company	**Subsidiary undertakings £'000**
Cost	
At 1 February 2013 and 31 January 2014	54,221
Impairment	
At 1 February 2013 and 31 January 2014	37,584
Net book value	
At 31 January 2013 and 31 January 2014	16,637

Subsidiary undertakings

	Country of incorporation or registration	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
CMI Investments Limited	England	100%	Investment holding company
New Sea Limited	England	100%	Investment holding company
Field Capital Limited	England	100%	Investment holding company
CMI Luxembourg SARL *	Luxembourg	100%	Investment holding company
Xola Management SARL*	Luxembourg	100%	Investment holding company

* held indirectly

5 Debtors

	2014 £'000	**2013 £'000**
Amounts receivable within one year		
Other debtors	39	39
Taxation	5	17
Prepayments and accrued income	65	106
	109	162

6 Debtors

	2014 £'000	**2013 £'000**
Amounts receivable after more than one year		
Amounts due from subsidiary undertakings	7,945	8,432

7 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	23	115
Creditors for taxation and social security	6	2
Accruals	57	63
Amounts due to group undertakings	8,994	3,036
	9,080	3,216

8 Creditors: amounts falling due after more than one year

	2014 £'000	2013 £'000
Amounts due to group undertakings	14,051	14,061

9 Deferred taxation

Unprovided deferred tax amounts are as follows:

	2014 £'000	2013 £'000
Capital allowances in excess of depreciation	(15)	(17)
Unrelieved capital losses	(1,462)	(1,681)
Management expenses and non-trading deficits	(1,466)	(1,585)
	(2,943)	(3,283)

Amounts in brackets denote a deferred tax asset.

The assets in respect of unrelieved capital and trading losses will be recoverable when the company makes suitable capital gains and trading profits respectively, that can be offset against these losses.

10 Share capital

	Called up, allotted and fully paid			
	2014 Number	2014 £'000	2013 Number	2013 £'000
Ordinary shares of 100p each	7,162,133	7,162	7,162,133	7,162

Further details of the share options outstanding are included in the group consolidated account Note 14, Share Based Payment.

11 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 February 2013	40,305	(38,443)
Loss for the year	-	(458)
Share based payment expense provision	-	14
At 31 January 2014	40,305	(38,887)

12 Related party transactions

Sun Capital Partners Limited is a related party as E A Spencer-Churchill was a director of that company during the year. Sun Capital Partners Limited invoiced Capital Management and Investment PLC £250,000 (2013 - £250,000) for office accommodation and administrative services provided, excluding VAT. In addition, Capital Management and Investment Plc invoiced Sun Capital Partners Limited £119,575 (2013 - £245,197) for monitoring fees, excluding VAT. The amount outstanding from CMI at the year end was £11,064 (2013 - £88,257).

13 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Loss for the financial year	(458)	(253)
Share based payment expense	14	56
Net movement in shareholders' funds	444	(197)
Opening shareholders' funds	9,024	9,221
Closing shareholders' funds	8,580	9,024