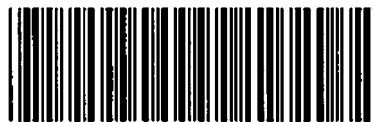


Registered number: 03889608

CIT FINANCIAL SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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CIT FINANCIAL SERVICES LIMITED
COMPANY INFORMATION

DIRECTORS	C Johnston J Barroll Brown T Finch (appointed 9 December 2019)
SECRETARY	C Johnston
COMPANY NUMBER	03889608
REGISTERED OFFICE	50 Jermyn Street London SW1Y 6LX
AUDITOR	MHA MacIntyre Hudson Chartered Accountants and Statutory Auditors London United Kingdom
BANKERS	Barclays Bank PLC Leicester L87 2BB
SOLICITORS	Jones Day 21 Tudor Street London EC4Y 0DJ

CIT FINANCIAL SERVICES LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report for the year ended 31 March 2020. In preparing this strategic report the Directors have complied with section 414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of property investment management services. The company is regulated by the Financial Conduct Authority ("FCA") in respect of the investment business activities that it conducts in the United Kingdom.

The immediate parent of the company is CIT Group Partners LLP, a limited liability partnership which is incorporated in the United Kingdom and registered in England and Wales.

The company's income is dependent upon the ability to fulfil the terms of the service agreements to which the company is a party. Management considers that appropriate monitoring controls are in place to mitigate the risk of non-performance of contractual terms.

PRINCIPAL RISKS AND UNCERTAINTIES

After making detailed enquiries, and based upon current information available to them, the directors believe that the company is well placed to manage its risk successfully.

BUSINESS RISK

The directors have considered the ability of the company to continue its operational activities for the foreseeable future, to generate positive cash flows in due course and to settle liabilities as they fall due. These considerations have been made in light of the current recovery in the global economy and in the UK real estate sector from which the majority of income will be derived.

The directors have concluded that the company is in a position to continue in operational existence for the foreseeable future, and to settle liabilities as they fall due.

GOING CONCERN

The directors have considered the current and projected future financial position of the company, including its ongoing financial requirements. The company is party to agreements under which income will continue to be earned at current levels for the foreseeable future, being 12 months from the date of approval of these financial statements, despite economic uncertainty.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in the preparation of the annual accounts. Further details regarding the adoption of the going concern basis can be found in note 1.2 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company does not have any financial instruments other than cash and short-term debtors and creditors. Cash balances are held within a major UK bank and earn competitive rates of interest.

The company has exposure to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are outlined below.

CIT FINANCIAL SERVICES LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2020

Brexit Risk

Currently there is both economic and political uncertainty as the outcome of Brexit changes are not yet known. The Company's profitability is largely linked to the performance of the London property market which could be negatively impacted by the eventual outcome, reducing the value of the Company's investment property over the next few years. Any decrease in the profitability of the Company in the next 12 months is not expected to impact the long term strategy of the Company.

COVID-19 Risk

Since February 2020, the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. In March 2020, the UK Government introduced a suite of measures designed to reduce the spread of the virus, many of which remain in place at the date of signing of these financial statements. These measures have included a country wide 'lock down' and other social distancing rules that have disrupted the way that nearly all businesses operate. The Company has sought to limit the immediate disruption to projects by quickly adapting to the new requirements and proactively managing the wider project teams. Looking ahead, the wider negative impact of the health crisis on the economy is likely to present a number of risks to the Company. Global investor appetite for London real estate, the availability and cost of project bank debt and tenant demand for space are all factors that will impact the future business of the Company. The Company will seek to mitigate this through a rigorous investment appraisal process, a focus on quality assets and regular assessments of the investment market.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Market Risk

The company operates primarily in the UK property market which, following a substantial decline in value as a result of the global financial crisis, had entered into a period of recovery and growth over the recent years. This market presents the company with further opportunities to acquire real estate on behalf of investors, whilst strengthening the security of income streams derived from existing assets under management.

The risk that rental levels and the value of properties under CIT management may fall is mitigated by a rigorous investment appraisal process and the experience within the group's asset management team.

Liquidity Risk

The company is funded by equity and internal debt. Management considers that this provides the necessary resources to operate the business as desired. The company maintains sufficient cash and liquid resources to meet its obligations. The company's liquidity requirements are determined by regular forecasting. Where surplus funds arise, these are generally placed on fixed term deposit.

Interest Rate Risk

The company does not borrow in its own right. This risk is therefore considered low.

Credit Rate Risk

The company is dependent upon receiving the fees due to it. The company is able to substantially mitigate its credit risk as the fees are due from the funds it manages from time to time and from CIT Group Partners LLP, its parent entity. This risk is therefore mitigated.

**CIT FINANCIAL SERVICES LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2020**

Capital Risk Management

Capital risk management is disclosed in further information within pillar 3 of the supplementary information on page 19.

ANALYSIS OF DEVELOPMENT AND PERFORMANCE DURING THE YEAR

Management consider the profit for the year to be a key performance indicator. The profit for the year, after taxation, amounted to £17,027 (2019 - £16,407). Net assets as at 31 March 2020 were £334,776 (2019 - £317,749).

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

The income in the company arises from property investment management and related services.

The COVID-19 pandemic and subsequent lockdown has not had a significant impact upon the business. The directors took a number of decisions, enabling the company to continue to trade throughout the period, with *the health and safety of our staff being the first priority. The directors have considered the client base and the ongoing contracts and consider that there will not be any material impact on trading over the course of the next twelve months.*

The directors are not aware, at the time of this report, of any other important events occurring since the end of the financial year or of any likely major changes in the activities of the company in the forthcoming financial year.

This report was approved by the board on 20 July 2020 and signed on its behalf.



Craig Johnston
Director
50 Jermyn Street
London
SW1Y 6LX

**CIT FINANCIAL SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their annual report and the audited financial statements for the year ended 31 March 2020. The following items have been dealt with in the strategic report; going concern, financial risk management and objectives, events after the balance sheet date, future developments and principal activities.

DIRECTORS

The directors who served throughout the period until the date of signing the accounts were:

C Johnston
J Barroll Brown
T Finch (appointed 9 December 2019)

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £17,027 (2019 - £16,407). No dividend was paid or proposed in the year (2019 - £Nil).

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

The Directors have appointed the new auditor, MHA MacIntyre Hudson, following the resignation of Deloitte LLP. The auditors offer themselves for reappointment.

PILLAR 3 DISCLOSURE

The company is categorised as a collective portfolio management investment firm and a BIPRU firm by its regulator, the Financial Conduct Authority (FCA). As such it is required to disclose certain information set out in BIPRU Chapter 11 of the FCA handbook of rules and guidance. The disclosure is included as supplementary information on pages 18 to 22. The disclosure does not form part of the financial statements and is not subject to audit.

The report was approved by the board on 20 July 2020 and signed on its behalf.



C Johnston
Director
50 Jermyn Street
London
SW1Y 6LX

**CIT FINANCIAL SERVICES LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "the Financial Reporting Standard applicable in the UK and republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CIT FINANCIAL SERVICES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIT FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial statements of CIT Financial Services Ltd (the 'company') for the year ended 31 March 2020, which comprise the Profit and Loss account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CIT FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIT FINANCIAL SERVICES LIMITED (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

CIT FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIT FINANCIAL SERVICES LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Harminther Gill BA ACA (Senior Statutory Auditor)

For and on behalf of

MHA MacIntyre Hudson

Chartered Accountants and Statutory Auditors

London

United Kingdom

21 July 2020

CIT FINANCIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020 £	Year ended 31 March 2019 £
TURNOVER	3	126,124	121,538
Administrative expenses		<u>(105,103)</u>	<u>(101,282)</u>
OPERATING PROFIT	4	21,021	20,256
Interest receivable and similar income		<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION		21,021	20,256
Tax on profit	6	<u>(3,994)</u>	<u>(3,849)</u>
PROFIT FOR THE YEAR		<u>17,027</u>	<u>16,407</u>

All amounts relate to continuing operations.

There was no other income for 2020 or 2019 other than that included in the Profit and Loss Account, consequently, a Statement of Comprehensive Income has not been prepared.

The notes on pages 13 to 17 form part of these financial statements.

CIT FINANCIAL SERVICES LIMITED
Registered Number: 03889608

BALANCE SHEET
AS AT 31 MARCH 2020

		31 March 2020	31 March 2019
	Notes	£	£
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	78,051	65,559
Cash at bank and in hand		<u>337,249</u>	<u>288,926</u>
		415,300	354,485
CREDITORS: amounts falling due within one year	8	<u>(80,524)</u>	<u>(36,736)</u>
NET CURRENT ASSETS		<u>334,776</u>	<u>317,749</u>
NET ASSETS		<u>334,776</u>	<u>317,749</u>
CAPITAL AND RESERVES			
Called up share capital	9	100,000	100,000
Profit and loss account	9	<u>234,776</u>	<u>217,749</u>
SHAREHOLDERS' FUNDS		<u>334,776</u>	<u>317,749</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2020.



Craig Johnston
Director

The notes on pages 13 to 17 form part of these financial statements.

CIT FINANCIAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2018	100,000	201,342	301,342
Profit for the financial year	-	16,407	16,408
Total comprehensive income	-	16,407	16,408
At 1 April 2019	100,000	217,749	317,749
Profit for the financial year		17,027	17,027
Total comprehensive income	100,000	234,776	334,776
At 31 March 2020	100,000	234,776	334,776

The notes on pages 13 to 17 form part of these financial statements.

**CIT FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

1.1. General information and basis of preparation of financial statements

CIT Financial Services Limited is a private company limited by shares and is both incorporated and registered in England and Wales in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council, which has been consistently applied in the current and preceding year.

The functional currency of CIT Financial Services Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

1.2. Going concern

The company has sufficient resources to continue its operational activities. The company has a financial arrangement in place with CIT Group Partners LLP. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the annual accounts.

1.3. Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when earned.

1.4. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates enacted and laws that have been enacted or substantively enacted by the balance sheet date.

1.5. Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

CIT FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES (continued)

1.6. Financial Instruments

Recognition

Financial assets are recognised on the Company's financial position when the company becomes party to the contractual provisions of the instruments on a trade date basis.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after end of the reporting period. These are classified as non-current assets.

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments. The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

For financial instruments which are not at fair value through the profit or loss, transaction costs are included in the initial measurement of the instrument. Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

At each reporting date the Company assesses all financial assets, other than those at the fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. Any impairment is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. These are initially and subsequently recorded at fair value.

Financial liabilities

Trade and other payables

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

1.7. Cash flow Statement/related party transactions/key management personnel compensation/disclosure of financial instruments

Under the provisions of Financial Reporting Standard 102, the company meets the definition of a qualifying entity and has taken advantage of exemptions available from the requirements to produce a cash flow statement, detail related party transactions, provide information in relation to key management personnel and disclose financial instruments on the grounds that it is a subsidiary of a parent undertaking which has included the requisite information in its own financial statements. Details of the parent undertaking are given in note 10 on page 17.

CIT FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The directors do not consider there to be any critical accounting judgements or key sources of estimation uncertainty in the preparation of the financial statements.

3. TURNOVER

Geographical segmental analysis of turnover by destination:

	2020 £	2019 £
UK	59,438	56,065
Europe	66,686	65,473
	<u>126,124</u>	<u>121,538</u>

In the view of the directors, there is only one class of business, that of property management services.

4. OPERATING PROFIT

The operating profit is stated after:

	2020 £	2019 £
Auditors remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	5,100	5,733
Total audit fees	<u>5,100</u>	<u>5,733</u>
Non-audit fees – audit related assurance services	5,100	6,615
Total non-audit fees	<u>5,100</u>	<u>6,615</u>
Foreign exchange loss / (gain)	<u>(560)</u>	<u>1,572</u>

5. STAFF COSTS

During the year the company had no employees (2019 – none). The directors did not receive remuneration for their services to the company during the year (2019 – £nil).

CIT FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

6. TAX ON PROFIT

	2020 £	2019 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	<u>3,994</u>	<u>3,849</u>
Tax charge on profit	<u>3,994</u>	<u>3,849</u>

Factors affecting tax charge for the year

The tax assessed for the year is 19% (2019 - 19%), which is the standard rate of corporation tax in the UK.

Profit before tax	<u>21,021</u>	<u>20,256</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<u>3,994</u>	<u>3,849</u>
Total tax charge for the year (see note above)	<u>3,994</u>	<u>3,849</u>

On 1 April 2017, the UK corporate tax rate was reduced to 19% and was due to reduce to 17% from 1 April 2020. However, the corporation tax rate of 19% has been extended to cover the years starting 1 April 2020 and 1 April 2021.

A current tax rate of 19% has been applied to the year ended 31 March 2020.

7. DEBTORS: amounts falling due within one year

	2020 £	2019 £
Trade debtors	66,684	48,422
Amounts owed by group undertakings	<u>11,367</u>	<u>17,137</u>
	<u>78,051</u>	<u>65,559</u>

The amounts owed by group undertakings are repayable on demand. There is no interest charged on the balance.

8. CREDITORS: amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	66,115	16,854
Corporation tax	2,070	2,559
Social security and other taxes	-	756
Accruals and deferred income	<u>12,339</u>	<u>16,568</u>
	<u>80,524</u>	<u>36,736</u>

The amounts owed to group undertakings are repayable on demand. There is no interest charged on the balance.

CIT FINANCIAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2020

9. CALLED UP SHARE CAPITAL AND RESERVES

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
100,000 Ordinary shares of £1	100,000	100,000
	<hr/>	<hr/>

The company has one class of ordinary shares which carry no right to fixed income.

The profit and loss account represents cumulative profits or losses, net of dividends paid.

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the opinion of the directors, the immediate and ultimate parent company and controlling entity is CIT Group Partners LLP, a Limited Liability Partnership which is incorporated in the United Kingdom and registered in England and Wales (50 Jermyn Street, London, SW1Y 6LX). John Barroll Brown, a director of the Company and designated member of CIT Group Partners LLP, controls the Company as a result of controlling, directly and indirectly, CIT Group Partners LLP.

CIT Group Partners LLP is the parent entity of the smallest and largest group which includes the company and for which group accounts are prepared. The consolidated financial statements of CIT Group Partners LLP are available from its registered office at 50 Jermyn Street, London, SW1Y 6LX.

CIT FINANCIAL SERVICES LIMITED

SUPPLEMENTARY INFORMATION (Not subject to audit)

Pillar 3 disclosure

Background

The Capital Requirements Directive ("CRD") and the Alternative Investment Fund Managers Directive ("AIFMD") of the European Union establish a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain. In the United Kingdom, the CRD and AIFMD have been implemented by the Financial Conduct Authority (the "FCA") in its regulations through the General Prudential sourcebook ("GENPRU") and the Prudential sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") and the Interim Prudential sourcebook for Investment Business ("IPRU-INV").

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk;
- Pillar 2 requires the firm to assess whether its capital reserves, processes, strategies and systems are adequate to meet its Pillar 1 requirements and further determine whether it should apply additional capital, processes, strategies or systems to cover any other risks that it might be exposed to. This involves preparation of an Internal Capital Adequacy Assessment Process (ICAAP) on at least an annual basis; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position to encourage market discipline.

The AIFMD adds further capital requirements based on the alternative investment fund ("AIF") assets under management and professional liability risks.

The rules setting out the requirements for Pillar 3 disclosure are set out in BIPRU Chapter 11. This statement is designed to meet the Pillar 3 disclosure requirements for CIT Financial Services Limited (the "Firm"). GENPRU and BIPRU apply to the Firm but IPRU-INV does not.

This statement is verified by the Firm's board of directors. Unless otherwise stated, all figures are as at the 2020 financial year-end.

The Firm is permitted to omit required disclosures if it believes that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information for the purpose of making economic decisions about the Firm.

In addition, the Firm may omit required disclosures where it believes that the information is regarded as proprietary or confidential. In the Firm's view, proprietary information is that which, if it were shared, would undermine the Firm's competitive position. Information is considered to be confidential where there are obligations binding the Firm to confidentiality with its customers, suppliers and counterparties.

The Firm has made no omissions on the grounds that they are immaterial, proprietary or confidential.

The Firm has omitted certain data on the grounds of materiality.

Where the Firm has chosen to omit information because it is proprietary or confidential it has explained the omission and provided its reason.

CIT FINANCIAL SERVICES LIMITED

SUPPLEMENTARY INFORMATION (Not subject to audit) continued

Scope of application of directive requirements

The Firm is authorised and regulated by the Financial Conduct Authority to undertake certain types of designated investment business and is categorised as a collective portfolio management investment firm and a BIPRU firm for capital purposes. It is a full-scope UK AIFM (alternative investment fund manager) pursuant to the AIFMD and the adopting UK legislation. As a result, the Firm is required to meet AIFMD capital requirements and disclosure requirements. The Firm also undertakes other activities which result in it being a BIPRU firm. The Firm has no trading book exposure.

The company makes the Pillar 3 disclosure, as required by BIPRU Chapter 11, on an annual basis. The disclosure is made as at the accounting reference date and included in the Firm's annual report and accounts.

The Firm is a wholly-owned subsidiary undertaking of CIT Group Partners LLP and its results are included in the consolidated accounts prepared by CIT Group Partners LLP's parent undertaking, CIT Group Limited. The Firm is not part of a UK consolidation group for prudential purposes. Therefore, this disclosure is made on an individual basis under BIPRU 11.2.1.

Risk management objectives and policies

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The Firm is governed by its directors who determine its business strategy and risk appetite. The directors are also responsible for identification and mitigation of risk.

The directors meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, business planning and risk management. The directors engage in the Firm's risks through a framework of policies and procedures having regard to the relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The directors use source and scenario-based analysis to identify risks the Firm may be exposed to. The following risk categories have been identified as applicable to the Firm:

- Business risk
- Operational risk
- Market (Currency) risk
- Credit-risk
- Concentration risk

The directors implement systems and controls designed to reduce the exposure of the Firm to the risks identified. They seek to offset these risks where appropriate, for example, via insurance. The directors then consider the likelihood and financial impact of the risks identified, in light of the controls in place, in order to determine the amount of capital that the Firm should hold in Pillar 2 against each risk category.

An ICAAP is carried out on at least an annual basis. Based on the ICAAP dated 30 June 2020 (including financial information as at 31 March 2020), the directors do not consider it necessary for the Firm to hold capital in addition to that required by the capital resources requirement calculated under Pillar 1.

CIT FINANCIAL SERVICES LIMITED
SUPPLEMENTARY INFORMATION (Not subject to audit) continued

Capital resources

The Firm is a limited liability company and its capital arrangements are established in its articles of association.

The Firm monitors its compliance with capital adequacy requirements on an ongoing basis. The Firm held adequate capital resources to meet both its Pillar 1 and ICAAP (Pillar 2) capital requirements throughout the year to 31 March 2020.

As a full-scope UK AIFM, the Firm's capital requirement under Pillar 1 is the greater of:

- Its base capital requirement (€125,000 plus 0.02% of the amount by which the AIFs under management exceed €250m);
- The sum of its market and credit risk requirements; or
- Its fixed overhead requirement.

At 31 March 2020, the base capital requirement was £110,561 (€125,000) (using 31 March 2020 exchange rates), the sum of the market and credit risk requirements was £10,731 and the fixed overhead requirement was £26,276. Therefore, the Firm was required to hold £110,561 capital under Pillar 1.

The capital held by the Firm at 31 March 2020 totalled £334,776 consisting of £100,000 ordinary share capital and £234,776 profit and loss reserves. The capital held by the Firm is all categorised as core tier 1 capital and there are no deductions from capital.

The Firm held a surplus of capital of £224,215 over the Pillar 1 capital resources requirement at the year end.

Historically, both the sum of the market and credit risk requirements and the fixed overheads requirement have been significantly less than the base capital requirement. Projections show that this is expected to be the case going forward. The directors therefore expect the Firm's Pillar 1 capital requirements to continue to be €125,000.

The Firm follows the standardised approach to market risk and to credit risk. As a BIPRU firm, the Firm is not required to calculate an operational risk capital requirement.

Remuneration code disclosure

The following remuneration policy disclosure complies with the 'Guidelines on sound remuneration policies under the AIFMD' issued by the European Securities and Markets Authority. The Firm is subject to the AIFM Remuneration Code and BIPRU Remuneration Code, both of which are included in the Senior Management Arrangements, Systems and Controls ("SYSC") part of the FCA's Handbook of rules and guidance (High Level Standards). The AIFM Remuneration Code is contained in SYSC 19B and the BIPRU Remuneration Code is contained in SYSC 19C. As a full-scope UK AIFM which complies with SYSC 19B and also therefore complies with SYSC 19C, the Firm is not required to demonstrate compliance with SYSC 19C. This policy covers an individual's total remuneration, fixed and variable. The Firm incentivises staff through a combination of the two.

The Firm's business is to provide property investment management and related services.

SUPPLEMENTARY INFORMATION (Not subject to audit) continued

The Firm's remuneration policy is designed to ensure that it complies with the AIFM Remuneration Code and that its compensation arrangements:

1. are consistent with and promote sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest such as those covered in the Firm's policies and procedures i.e. investment conflicts, valuation conflicts, information distribution and disclosure conflicts, personnel conflicts and relationship conflicts; and
4. are in line with the Firm's business strategy, objectives, values and long-term interests.

Proportionality

European Union legislation and guidelines on remuneration include the principle of proportionality. The FCA has sought to apply proportionality by instituting two tests. Firstly, a firm that is significant in terms of its size must disclose quantitative information referred to in BIPRU 11.5.18R at the level of senior personnel. Secondly, a firm must make a disclosure that is appropriate to the size, internal organisation and the nature, scope and complexity of its activities.

The Firm is not 'significant' (that is to say it has relevant total assets of under £50 bn*) and so makes this disclosure in accordance with the second test (BIPRU 11.5.20 R (2)).

*average total assets on the last 3 accounting dates)

Application of the requirements

The Firm is required to disclose certain information on at least an annual basis regarding its remuneration policy and practices for those staff members whose professional activities have a material impact on the risk profile of the Firm or of any AIF the Firm manages. This disclosure is made in accordance with the Firm's size, internal organization and nature, scope and complexity of its activities. The Firm's full Remuneration Policy is available at the request of investors.

1. Summary of information on the decision-making process used for determining the Firm's remuneration policy including use of external benchmarking consultants where relevant:
 - The Firm's policy has been agreed by the senior management in line with the AIFM Remuneration Code principles laid down by the FCA.
 - Due to the size, internal organisation of the Firm and the nature, scope and complexity of its activities, the Firm is not required to appoint an independent remuneration committee.
 - The Firm monitors its remuneration policy annually and this is reviewed as part of the Firm's annual processes and procedures, or following a significant change to the business requiring an update to its ICAAP.
 - All remuneration decisions made by senior management are made with careful consideration of:
 - the current cash position and profitability of the business
 - the future sustainability of the company, its ability to compete going forward and the capital required for the business to continue profitably to the satisfaction of its internal and external stakeholders (thus ensuring the growth of its capital base and safeguarding the sustainability and development the business).

CIT FINANCIAL SERVICES LIMITED

SUPPLEMENTARY INFORMATION (Not subject to audit) continued

2. Summary of how the Firm links between pay and performance:

The governance of remuneration within the Firm is managed by the Firm's senior management (the equity partners in CIT Group Partners LLP). Remuneration of each staff member is considered annually at senior management level based on a number of factors:

- Performance of the business
- Outlook and risks for the business in the future
- Performance of the relevant department within the business
- Performance of the individual within their department
- The value of the staff member to the Firm and their contribution to its strategy and overall objectives.

All remuneration decisions are made in the full consideration the risks outlined in the ICAAP report.

All decisions are made considering the outlook, performance and the interests of both the internal and external stakeholders.

3. Aggregate quantitative information on remuneration for staff members whose professional activities have a material impact on the risk profile of the Firm.

Code Staff	Aggregate compensation expense in the year to end March 2020
Senior management:	£nil
Others (If applicable)	£nil

Partnership profits allocated to members of CIT Group Partners LLP are normally disclosed in aggregate in its report and accounts.

The Firm may omit required disclosures where it believes that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data. The Firm has made no omissions on the grounds of data protection.

A note on materiality

A firm must regard information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions.

A firm must regard information as proprietary information if the sharing of that information with the public would undermine its competitive position.

Proprietary information may include information on products or systems which, if shared with competitors, would render the firm's investment in them less valuable.

A firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the firm to confidentiality.

The Committee of European Banking Supervisors (CEBS) has stated that it is unlikely that the disclosure of information relating to remuneration would be confidential or proprietary for firms that have been allowed to aggregate the information due to proportionality. Where there is a limited number of AIFM Remuneration Code staff members then the Firm may consider such omissions.