

**BFINANCE UK LIMITED**

**Annual report and financial statements**

Registered number 3950214

30 June 2016

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A03	*A60ELO2B*	16/02/2017	#43
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COMPANIES HOUSE			

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## Strategic Report

### PRINCIPAL ACTIVITIES

The principal activity of the company is fund manager selection for institutional investors.

On July 2008, bfinance UK Limited was granted part IV Permission under the Financial Services and Markets Act 2000 with the following Prudential Category and Sub Category: Exempt CAD, Adviser/Arranger intermediary.

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the company show a profit on ordinary activities before taxation of £1,957,323 (2015: £1,794,166) for the year and a turnover of £6,440,593 (2015: £6,163,804). The company has net assets of £5,793,935 (2015: £4,234,387). The director does not recommend payment of a dividend (2015: £nil).

The company continues to develop and evolve its technology base and develop new markets. The level of trading activity and the year-end financial positions reflect the consolidation of the market position of the company with the UK. The director expects the level of activity will increase in the future.

The company's ultimate parent company is Bfinance Holdings Limited. On 29<sup>th</sup> April 2016 Bfinance Holdings Limited was acquired by Bfinance Group Holdings Limited, a company incorporated in the United Kingdom. The ultimate controlling party of Bfinance Group Holdings Limited is Baird Capital.

### PRINCIPAL RISK AND UNCERTAINTIES

The success of the business is linked to the level of investment activity in the wider economy and so downturn in economic conditions is a risk area. Activity of the business may be impacted by the future relationship of the UK with Europe following the BREXIT referendum although it is too early for the company to assess what the outcome or impact on its business may be.

### FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in credit costs and as such no hedge accounting is applied.

The company does not use derivative financial instruments to manage interest rate risk, liquidity risk and currency risk. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the director has not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The policies set by the board of directors are implemented by the company's finance department.

#### Credit risk

The company has implemented policies that require appropriate credit checks on customers before trading takes place with new customers. Consideration is also given to financial institutions which hold cash deposits on behalf of the company.

#### Liquidity risk

Liquidity risk is managed at group level and the group currently has a mixture of long and short term debt finance in addition to an overdraft facility, designed to ensure the group has sufficient available funds for operations and planned expansions. At the balance sheet date the director is confident that the cash position of the group is sufficient to cover all medium term obligations of the group and company although he acknowledges that the company is not immune to the risks of a severe financial downturn.

**STRATEGIC REPORT** (continued)

**Currency risk**

The company is exposed to foreign exchange risks, primarily with respect to sterling, euro and US dollar, through its trading transactions. The company has, in prior years entered into derivative contracts to manage these risks as deemed necessary. At the year-end no such derivative contracts were outstanding.

**KEY PERFORMANCE INDICATORS**

Net turnover, which is the transaction turnover less provision for deal adjustments, is a key performance indicator for the business. Sales activity (e.g. number of customer contacts and opportunities identified) is also closely monitored.

Staff costs are the major part of operating expenses; people are one of the key assets of this business; hiring the right people, having the right remuneration and incentive policies is key to the business.

Net turnover during the year was £6,440,593 (2015: £6,163,804). The increase in turnover is a result of the improving economic conditions in which the company operates, in addition to the French Investment Advisory business.

By order of the board



**D Vafai**  
*Director*  
31<sup>st</sup> October 2016

## **Directors' report**

### **Proposed dividend**

The director does not recommend the payment of a dividend.

### **Directors**

The director who served during the year and up to the date of signing these financial statements was:

D Vafai

The director benefits from qualifying third party indemnity provisions (which extend to the performance of any duties as a director of any associated company) in place during the financial year and at the date of this report.

### **Political contributions**

The Company made no political expenditure during the year (2015 – Nil).

### **Change of statutory auditor**

On 25<sup>th</sup> April 2016 the company changed auditor from PricewaterhouseCoopers LLP to KPMG LLP

### **Disclosure of information to auditor**

The director who held office at the date of approval of this directors' report confirm that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and that he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Other information**

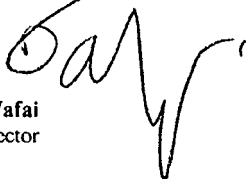
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

D Vafai  
Director



1<sup>st</sup> Floor Clareville House  
26-27 Oxendon Street  
London  
United Kingdom  
SW1Y 4EL

Date 31 October 2016

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

The director is responsible for preparing the Strategic report, Director's report and the financial statements in accordance with the applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland for the first year.

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BFINANCE UK LIMITED

We have audited the financial statements of Bfinance UK Limited for the year ended 30 June 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Auditing Practices Board'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 Financial Reporting Council's website at [www.frc.org.uk/auditscopenukprivate](http://www.frc.org.uk/auditscopenukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- 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 the 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, 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.



Charles le Strange Meakin (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

**Profit and Loss Account**  
*for year ended 30 June 2016*

	<i>Note</i>	<b>2016</b> <b>£</b>	2015 £
<b>Turnover</b>	2	<b>6,440,593</b>	6,163,804
Cost of sales		<u>(1,081,507)</u>	<u>(1,312,709)</u>
<b>Gross profit</b>		<b>5,359,086</b>	4,851,095
Administrative expenses		<u>(5,143,737)</u>	<u>(5,336,810)</u>
Other operating income	3	<b>1,819,649</b>	2,347,359
<b>Operating profit</b>		<u><b>2,034,998</b></u>	<u>1,861,644</u>
Interest payable and similar charges	7	<u>(77,675)</u>	<u>(67,478)</u>
<b>Profit on ordinary activities before taxation</b>		<b>1,957,323</b>	1,794,166
Tax on profit on ordinary activities	8	<u>(263,106)</u>	<u>(288,741)</u>
<b>Profit for the financial year</b>		<u><b>1,694,217</b></u>	<u><u>1,505,425</u></u>



**Other Comprehensive Income**  
*for year ended 30 June 2016*

	2016 £	2015 £
<b>Profit for the year</b>	<b>1,694,217</b>	<b>1,505,425</b>
	<hr/>	<hr/>
<b>Other comprehensive income</b>		
Foreign exchange translation (loss)/gain	<b>(134,669)</b>	<b>67,455</b>
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b><u>1,559,548</u></b>	<b><u>1,572,880</u></b>

**Balance Sheet**  
*As at 30 June 2016*

	<i>Note</i>	<b>2016</b>		<b>2015</b>	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	9	206,511		235,104	
Tangible assets	10	127,379		117,740	
			<hr/>		<hr/>
			333,890		352,844
<b>Current assets</b>					
Debtors	11	20,134,559		14,294,232	
Cash at bank and in hand		690,774		291,217	
		<hr/>		<hr/>	
		20,825,333		14,585,449	
<b>Creditors: amounts falling due within one year</b>	12	(15,365,288)		(10,691,381)	
		<hr/>		<hr/>	
<b>Net current assets</b>			5,460,045		3,894,068
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			5,793,935		4,246,912
<b>Provisions for liabilities</b>					
Other provisions			-		(12,525)
			<hr/>		<hr/>
<b>Net assets</b>			5,793,935		4,234,387
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	15	4,700,000		4,700,000	
Profit and loss account		1,093,935		(465,613)	
		<hr/>		<hr/>	
<b>Shareholders' funds</b>			5,793,935		4,234,387
			<hr/>		<hr/>

These financial statements were approved by the board on 31<sup>st</sup> of October 2016 and were signed on its behalf by:

**D Vafai**  
*Director*

Company registered number: 3950214

## Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 July 2014	4,700,000	(2,038,483)	2,661,517
<b>Total comprehensive income for the year</b>			
Profit or loss	-	1,505,425	1,505,425
Other comprehensive income	-	67,445	67,445
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,572,870	1,572,870
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2015</b>	<b>4,700,000</b>	<b>(465,613)</b>	<b>4,234,387</b>
	<hr/>	<hr/>	<hr/>
Balance at 1 July 2015	4,700,000	(465,613)	4,234,387
<b>Total comprehensive income for the year</b>			
Profit or loss	-	1,694,217	1,694,217
Other comprehensive income	-	(134,669)	(134,669)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,559,548	1,559,548
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2016</b>	<b>4,700,000</b>	<b>1,093,935</b>	<b>5,793,935</b>
	<hr/>	<hr/>	<hr/>

**Cash Flow Statement**  
*for year ended 30<sup>th</sup> June 2016*

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the year	<b>1,694,216</b>	1,505,425
<i>Adjustments for:</i>		
Amortisation of Intangible fixed assets	65,673	58,847
Depreciation of tangible fixed assets	25,338	21,334
Interest payable and similar charges	77,675	67,478
Tax charges	263,106	288,741
Forex gain	(422,199)	(288,742)
	<hr/> 9,593	<hr/> 147,658
 Increase in debtors	 (5,416,925)	 (3,932,429)
Increase in creditors	4,319,678	2,253,890
	<hr/> (1,097,247)	<hr/> (1,678,540)
 Tax paid	 (234,336)	 -
 <b>Net cash from operating activities</b>	 <b>372,226</b>	 <b>(25,457)</b>
 <b>Cash flows from investing activities</b>		
Acquisition of tangible fixed assets	(34,586)	(6,416)
Acquisition of intangible assets	-	(293,951)
	<hr/> (34,586)	<hr/> (300,367)
 <b>Net cash from investing activities</b>	 <b>(34,586)</b>	 <b>(300,367)</b>
 Net increase/(decrease) in cash and cash equivalents	 <b>337,640</b>	 (325,824)
Cash and cash equivalents at 1 <sup>st</sup> of July	291,217	549,596
Effect of exchange rate fluctuations on cash held	61,917	67,445
	<hr/> 690,774	<hr/> 291,217
 <b>Cash and cash equivalents at 30<sup>th</sup> June</b>	 <b>690,774</b>	 <b>291,217</b>

## Notes

*(forming part of the financial statements)*

### 16 Accounting policies

bfinance UK limited is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of the small company's regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has revised the useful economic life of the intangible assets to 5 years.

The Company's ultimate parent undertaking, bfinance Group Holdings limited includes the Company in its consolidated financial statements. The consolidated financial statements of bfinance Group Holdings Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from bfinance Group Holdings limited, 1<sup>st</sup> Floor Clareville House, 26-27 Oxendon Street, London, SW1Y 4EL

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for derecognition of financial assets and liabilities before the date of transition.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: tangible fixed assets and intangible assets measured in accordance with the revaluation model.

#### 1.2 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its activities, and its exposures to, credit, liquidity and currency risk are described in pages 2 to 3 of this report.

The company has a considerable number of long term contracts across different geographic areas. As a consequence the director feels that the group is well placed to manage its business risks successfully. After undertaking this review the director does not see any forecast event either at company or consolidated group level which would affect the going concern nature of the business for the next 12 month period. Accordingly the business continues to adopt the going concern basis in preparing the annual reports and accounts

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### **1.3**      **Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **1.4**      **Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### **1.5**      **Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.19 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements - 10 years
- fixtures and fittings and office equipment - 4 years
- Computer equipment - 2 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **1.7 Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.8 Goodwill**

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill - 5 years

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### **1.9 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **1.10 Turnover**

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

##### *Transaction*

Transaction revenue is recognised when a client has explicitly selected a financial institution by any means (e.g., onsite, an email sent to bfinance UK Limited, written document or allocation grid) with the clear intention of completing the transaction. A provision is made against revenue and debtors based upon the historic rate of subsequent adjustments and transactions that never complete.

#### **1.11 Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.



## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### **1.12**    **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Turnover

	2016 £	2015 £
Rendering of services	6,440,593	6,163,804
Total turnover	<u>6,440,593</u>	<u>6,163,804</u>

A geographic analysis of turnover is as follows:

	2016 £	2015 £
United Kingdom	3,632,890	3,638,036
Rest of European Union	1,669,963	1,844,228
Middle East	1,137,740	681,540
	<u>6,440,593</u>	<u>6,163,804</u>

### 3 Other operating income

	2016 £	2015 £
Delivery and servicing costs recharged to group companies	1,819,649	2,347,359
	<u>1,819,649</u>	<u>2,347,359</u>

### 4 Auditors remuneration

The audit fee for the year was invoiced to bfinance group as a whole and will be borne by the immediate parent company bfinance International. The estimated cost for bfinance UK Limited audit is £5,000.

Non audit costs provided by the auditors to bfinance UK Limited UK amount to £3,000.

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Administration	2	2
Selling and marketing	33	29
	<hr/>	<hr/>
	35	31
	<hr/>	<hr/>

### Staff numbers and costs

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries		
Social security costs	3,584,206	3,087,071
Contributions to defined contribution plans	377,013	256,294
	296,132	251,940
	<hr/>	<hr/>
	4,257,351	3,595,305
	<hr/>	<hr/>

### 6 Directors' remuneration

	2016 £	2015 £
Directors' remuneration	118,392	286,005
Company contributions to defined contribution pension	10,403	14,699
	<hr/>	<hr/>

The Director is remunerated by bfinance International Limited for his services to the group as a whole and it is not practical to determine the part relating to this company.

### 7 Interest payable and similar charges

	20 £	20 £
On loans from group undertakings	77,675	64,478
	<hr/>	<hr/>

## Notes (continued)

### 8 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £	£	2015 £	£
<i>Current tax</i>				
Current tax on income for the period	303,058		242,059	
		<hr/>		<hr/>
Total current tax		303,058		242,059
<i>Deferred tax</i>				
Origination and reversal of timing differences	(44,579)		59,501	
Change in tax rate	4,627		(12,819)	
	<hr/>		<hr/>	
Total deferred tax		(39,952)		46,682
		<hr/>		<hr/>
Total tax		263,106		288,741
		<hr/> <hr/>		<hr/> <hr/>

	£	2016 £	£	2015 £	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax
Recognised in Profit and loss account	303,058	(39,952)	263,106	242,059	46,682
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### Analysis of current tax recognised in profit and loss

	2016 £	2015 £
UK Corporation tax	305,972	234,337
Foreign tax	(2,914)	7,722
	<hr/>	<hr/>
Total current tax recognised in profit and loss	303,058	242,059
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 8 Taxation (continued)

#### Reconciliation of effective tax rate

	2016 £	2015 £
Profit for the year	1,694,217	1,505,425
Profit excluding taxation	1,957,323	1,794,166
Tax using the UK corporation tax rate of 20.0 % (2015: 22.5%)	391,464	358,833
Capital allowances for year in excess of depreciation	(6,180)	(21,732)
Expenses not deductible for tax purposes	14,960	5,447
Foreign tax credits	(2,914)	2,915
Fixed asset differences	1,954	63,020
Income not taxable	(8,437)	-
Tax credits	-	8
Other short term timing differences	2,259	(4,084)
Group relief claimed	(130,000)	(162,348)
	<hr/>	<hr/>
Total tax expense included in profit or loss	<u>263,106</u>	<u>242,059</u>

#### Factors that may affect future tax charges

A change to the UK corporation tax rate was announced in the Budget on 16<sup>th</sup> March 2016 to reduce the rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been sustainably enacted on 26 October 2015. As the change to 17% has not been substantively enacted at the balance sheet date, it has therefore not been included in these financial statements. The impact of this reduction on any deferred tax balances is not expected to be material.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not there will be suitable taxable profits from which the reversal of underlying timing differences can be deducted. The unrecognised deferred tax assets comprise

	2016 £	2015 £
Accelerated capital allowances	62,845	54,060
Other timing differences	(90,272)	(41,535)
Losses	<hr/>	<hr/>
Total	<u>(27,427)</u>	<u>12,525</u>

## Notes (continued)

### 9 Intangible assets and goodwill

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
Balance at 1 July 2015	293,951
Effect of movements in foreign exchange	50,233
Balance at 30 June 2016	<u>344,184</u>
<b>Amortisation and impairment</b>	
Balance at 1 July 2015	58,847
Amortisation for the year	65,673
Effect of movements in foreign exchange	13,153
Balance at 30 June 2016	<u>137,673</u>
<b>Net book value</b>	
At 30 June 2015	<u>235,104</u>
<b>At 30 June 2016</b>	<u>206,511</u>

#### *Amortisation and impairment charge*

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Administrative expenses	<u>65,673</u>	<u>44,149</u>
	<u>65,673</u>	<u>44,149</u>

## Notes (continued)

### 10 Tangible fixed assets

	Leasehold Improvement £	Computer Equipment £	Fixtures & fittings £	Total £
<b>Cost</b>				
Balance at 1 July 2015	97,340	165,158	195,462	457,960
Other acquisitions	3,458	31,519	-	34,977
	<u>100,798</u>	<u>196,677</u>	<u>195,462</u>	<u>492,937</u>
<b>Balance at 30 June 2016</b>				
	<u>100,798</u>	<u>196,677</u>	<u>195,462</u>	<u>492,937</u>
<b>Depreciation and impairment</b>				
Balance at 1 July 2015	32,116	156,342	151,762	340,220
Depreciation charge for the year	9,771	7,400	8,167	25,338
	<u>41,887</u>	<u>163,742</u>	<u>159,929</u>	<u>365,558</u>
<b>Balance at 30 June 2016</b>				
	<u>41,887</u>	<u>163,742</u>	<u>159,929</u>	<u>365,558</u>
<b>Net book value</b>				
At 1 July 2015	65,224	8,816	43,700	117,740
	<u>65,224</u>	<u>8,816</u>	<u>43,700</u>	<u>117,740</u>
<b>At 30 June 2016</b>				
	<u>58,911</u>	<u>32,935</u>	<u>35,533</u>	<u>127,379</u>

### 11 Debtors

	2016 £	2015 £
Trade debtors	552,649	1,018,712
Amounts owed by group undertakings	13,079,199	7,621,972
Other debtors	130,401	220,275
Prepayments and accrued income	6,372,310	5,793,273
	<u>20,134,559</u>	<u>14,294,232</u>
<b>Due within one year</b>	<u>20,134,559</u>	<u>14,294,232</u>
	<u>20,134,559</u>	<u>14,294,232</u>

## Notes (continued)

### 12 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	211,445	278,577
Amounts owed to group undertakings	12,607,670	8,097,115
Taxation and social security	380,291	232,731
Other creditors	7,347	243,711
Accruals and deferred income	2,158,535	1,839,247
	<u>15,365,288</u>	<u>10,691,381</u>

### 13 Financial assets and liabilities

	2016 £	2015 £
Financial assets measured at amortised cost	20,825,333	14,585,447
Financial liabilities measure at amortised cost	15,365,288	10,691,381

### 14 Employee benefits

#### Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £317,472 (2015: £251,940)

The amount outstanding at 30<sup>th</sup> June 2016 was £26,719 (2015: £20,783)



## Notes (continued)

### 15 Capital and reserves

#### Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
4,700,000 ordinary shares of £1 each	4,700,000	4,700,000
	<u>4,700,000</u>	<u>4,700,000</u>
Shares classified in shareholders' funds	4,700,000	4,700,000
	<u>4,700,000</u>	<u>4,700,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 16 Operating Lease

Non-cancellable operating lease rentals are payable as follows:

	2016 £	2015 £
Between one and five years	200,162	200,162
	<u>200,162</u>	<u>200,162</u>

During the year £221,714 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £241,150).

### 17 Ultimate parent company and parent company of larger group

The Company is a subsidiary of bfinance International Limited. On 28<sup>th</sup> April 2016 the then ultimate controlling party, bfinance Holdings Limited, was acquired by bfinance Group Holdings Limited. At the balance sheet date the ultimate controlling party is bfinance Group Holdings Limited.

The largest group in which the results of the Company are consolidated is that headed by bfinance Group Holdings Limited incorporated in England. No other group financial statements include the results of the Company. The consolidated financial statements of the group are available to the public and may be obtained from 1<sup>st</sup> Floor, Clareville House, 26-27 Oxendon Street, London SW1Y 4EL

## Notes (continued)

### 18 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

Revenue is recognised when a client selected a financial institution by any means with a clear intention of the completing the transaction. At 30 June 2016 accrued revenue of £6,125,693 was recognised net of provisions based of the historic rate of subsequent adjustments and transactions that never complete. The carrying value of accrued revenue in the next financial year will be affected by the actual rate of adjustments and transactions that never complete.

### 19 Explanation of transition to FRS 102 from old UK GAAP

#### *Reconciliation of profit and equity from old GAAP to FRS 102*

Note	Profit for the Year 2015 £	Equity as at June 2015 £	Equity as at June 2014 £
Amount under GAAP	1,549,574	4,278,536	2,661,517
Amortisation of intangible assets	(44,149)	(44,149)	-
Amount under FRS 102	<u>1,505,425</u>	<u>4,234,387</u>	<u>2,661,517</u>

#### *Notes to the reconciliation of profit*

- a) The useful economic life of goodwill recognised on 1<sup>st</sup> July 2015 has been changed from 20 year to 5 years.