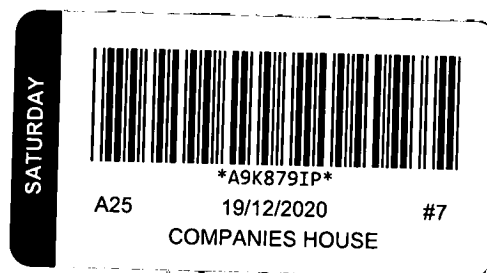


Registered Number **03950214**

Bfinance UK Limited

Annual Report and Financial Statements

For the year ended 31 March 2020



Bfinance UK Limited
Annual Report and Financial Statements
For the year ended 31 March 2020

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Bfinance UK Limited
Strategic Report
For the year ended 31 March 2020

The Directors present their strategic report on the Company (registered number: 03950214) for the year ended 31 March 2020.

Principal activities

The principal activity of the Company is fund manager search and selection services to investors.

In 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 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. The Directors expect the level of activity will increase in the future.

Revenue and profit are the main performance indicators of the Company. On a proforma like-for-like basis for 12 months ended 31 March 2020 revenue increased by c.13% compared with the previous year. A review of profit is set out in the strategic review of the Company's ultimate parent. The Company generated net cash from operating activities of £0.3m in the year to 31 March 2020 compared to £1.4m in the 6 months to 31 March 2019.

Principal Risks and Uncertainties

The Company faces a number of risks and uncertainties including that from the current worldwide Covid-19 pandemic, and these include changes in the current economic environment and outlook that may adversely affect trading. The directors are responsible for evaluating and monitoring these risks and uncertainties and mitigating these where it is appropriate and possible to do so.

The success of the Company is linked to the level of investment activity in the wider economy and would be adversely affected by a downturn in economic conditions.

In particular, the Company may be affected by the future relationship of the United Kingdom (UK) with the Europe Union (EU) following the result of UK's referendum to leave the EU in June 2016. The impact of UK's exit from EU on the Company is currently unknown as formal exit terms are yet to be agreed and furthermore industry-specific details are not known at this stage. During this time there is likely to be market volatility and the impact on the Company's business arising from the resulting uncertainty is not quantifiable at this point.

The Company's services are delivered by skilled and experienced staff and are therefore reliant upon its ability to attract and retain the correct mix of staff with the right skills and experience. The Company reviews its resourcing, remuneration packages and training requirements on an ongoing basis.

Bfinance UK Limited
Strategic Report (continued)
For the year ended 31 March 2020

Covid-19 Pandemic

There was minimal impact on the Company's business from the pandemic on the results for the year as the restrictions mandated by the Government commenced in the last two weeks of year ended 31 March 2020.

The Company invoked its business continuity plan and has continued to operate remotely on a largely business as usual basis.

With regards to the Company's employees their health and safety is and remains a priority. The Directors are pleased to note that none of the Company's staff have been furloughed to date. The Company envisages a phased return to work adhering to Government guidelines on social distancing and maintaining a safe workplace. In order to further reduce the risk of infection within teams and to ensure continuity, an integral part of a phased return to work, will be a split teams approach with two teams that will not have physical contact with one another working alternate periods.

The industry has been negatively affected by the pandemic and the Company is no exception. Our clients are institutional investors and investment decision making has been slowed as these investors consider their options. We have also been there to help investors with the decision making so we expect the pandemic will have a neutral effect on our business in the long run.

Following the year end, trading has been satisfactory so far. In terms of accessing existing and potential clients, the Company has normally used multiple channels to acquire business including extensive use of digital marketing. Under the current environment the business has adapted its existing digital marketing capabilities to deliver specific content via webinars and through social media to continue to engage with its target market.

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 Directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The policies set by the Directors are implemented by the Company's finance department.

Liquidity risk

Liquidity risk is managed at group level and the Group currently has long-term debt finance designed to ensure the Group has sufficient available funds for operations and planned expansions.

Due to the economic uncertainty arising from the Covid-19 pandemic the Company has prepared forecasts under various reasonable scenarios to assess the impact on its cashflows which shows that, together with certain mitigation actions available to it, it has adequate resources to continue in operation for the next twelve months from the date of these financial statements.

Bfinance UK Limited
Strategic Report (continued)
For the year ended 31 March 2020

Currency risk

The Company is exposed to foreign exchange risks through its operations, primarily with respect to Euro, US dollar, Canadian dollar and Australian dollar. Currency risk is managed at group level, and the Group's foreign currency exposures are partially hedged through forward contracts to the extent that its possible to forecast the timing and amounts of these cashflows.

By order of the Board



David Vafai
Director

Date: 27 August 2020

Bfinance UK Limited
Directors' Report
For the year ended 31 March 2020

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 March 2020.

General information

The Company is a private company and is incorporated and domiciled in the United Kingdom. The address of its registered office is 2nd Floor, 36 Queen Street, London, EC4R 1BN.

Directors

The Directors of the Company during the period to the date of approving this report was:

David Vafai
Pal Sarai

As permitted by s234(2) of the Companies Act 2006, the Company maintains directors' and officers' liability insurance which provides insurance cover against liabilities which directors and other officers of the Company may incur personally as a consequence of claims made against them alleging breach of duty or other unlawful acts or omissions in their capacity as directors and officers.

Going concern

The Company through its ultimate parent company and its fellow group companies, has prepared forecasts under various reasonable scenarios which indicate that together with its banking facilities, noted below, it has adequate resources to continue in operation for the next twelve months from the date of these financial statements.

On 27 July 2020 the Group arranged five-year term loan agreement with its bank, HSBC UK Bank plc of £6m term debt and a revolving facility of £3m. The loan proceeds were used to repay the Group's previous £5m senior debt with BMS Finance (UK) S.A.R.L.

Post Balance Sheet events

No adjusting or non-adjusting events have occurred between the end of the reporting year and the approval of these Financial Statements.

Dividends

The Directors have decided not to propose a dividend this period (2019: Nil).

Political donations

No political donations or expenditure of the type requiring disclosure under s.366 and s.367 of the Companies Act 2006 were made in the year ended 31 March 2020 (2019: Nil) nor are any contemplated.

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 period have been included in the Strategic Report on pages 2-4.

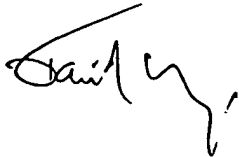
Independent Auditor

The Auditor, BDO LLP has indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

Bfinance UK Limited
Directors' Report (continued)
For the year ended 31 March 2020

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and that they have taken all the steps that he ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.



By order of the Board

David Vafai
Director

Date: 27 August 2020

Bfinance UK Limited
Directors' Responsibility Statement
For the year ended 31 March 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the 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*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Bfinance UK Limited
Independent Auditor's Report (continued)
For the year ended 31 March 2020

Independent Auditor's Report to the Members of Bfinance UK Limited

Opinion

We have audited the financial statements of Bfinance UK Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Balance sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, 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 period 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 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 the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Bfinance UK Limited
Independent Auditor's Report (continued)
For the year ended 31 March 2020

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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have 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 material misstatements in the Strategic Report and 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.; or

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.

Bfinance UK Limited
Independent Auditor's Report (continued)
For the year ended 31 March 2020

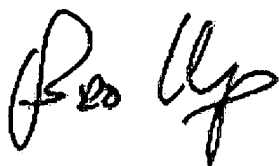
Auditor's responsibilities for the audit of the financial statements

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 at the Financial Reporting Council's website at: <https://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.



Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date: 27 August 2020

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

Bfinance UK Limited
Statement of Comprehensive Income
For the year ended 31 March 2020

	Note	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Turnover	2	13,612,301	4,084,386
Administrative expenses	3 & 4	(9,828,036)	(5,923,538)
Other operating income	5	569,949	1,213,587
Operating profit/(loss)		4,354,214	(625,565)
Gains on derivative financial instruments		-	47,763
Interest receivable	7	188,371	55,784
Profit/(Loss) before taxation		4,542,585	(522,018)
Tax charge on profit/(loss) on ordinary activities	8	660,706	(26,115)
Profit/(Loss) for the period		3,881,879	(548,133)
Other Comprehensive Losses		14,089	(14,178)
Total Comprehensive income/(loss) for the period		3,895,968	(562,311)

All revenue and costs relate to continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Bfinance UK Limited
Balance Sheet
As at 31 March 2020

		As at 31 March 2020 £	As at 31 March 2019 £
	Note		
Non current assets			
Goodwill and Intangible assets	9	358,720	368,734
Tangible assets	10	60,021	106,550
		418,741	475,284
Current assets			
Trade and other debtors	11	27,362,971	22,220,877
Cash		1,811,149	1,775,349
Total current assets		29,174,120	23,996,226
Current liabilities			
Trade and other creditors	12	(18,000,427)	(16,775,044)
Net current assets		11,173,693	7,221,182
Net assets		11,592,434	7,696,466
Equity			
Called up share capital	14	4,700,000	4,700,000
Profit and loss account		6,892,434	2,996,466
Total equity		11,592,434	7,696,466

The notes on pages 15 to 28 form part of these financial statements.

These financial statements were approved by the Directors:



David Vafai
Director
Date: 27 August 2020

Bfinance UK Limited
Statement of Changes in Equity
For the year ended 31 March 2020

	Called up share capital £	Profit and loss account £	Total £
As at 30 September 2018 (restated)	4,700,000	3,558,777	8,258,777
Loss for the period (restated)	-	(548,133)	(548,133)
Other comprehensive income	-	(14,178)	(14,178)
As at 31 March 2019	4,700,000	2,996,466	7,696,466
Profit for the year	-	3,881,879	3,881,879
Other comprehensive income	-	14,089	14,089
As at 31 March 2020	4,700,000	6,892,434	11,592,434

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

Reserve	Description and purpose
Called up share capital	Nominal value of share capital subscribed for.
Profit and loss account	Retained earnings and accumulated losses, less amounts distributed to shareholders.

The notes on pages 15 to 28 form part of these financial statements.

Bfinance UK Limited
Statement of Cash Flows
For the year ended 31 March 2020

		Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
	Note		
Cash flows from operating activities			
Profit for the period / year		3,881,879	(548,133)
Adjustments for:			
Amortisation of intangible assets	9	250,697	122,850
Depreciation of tangible fixed assets	10	52,705	26,663
Interest receivable		(188,371)	(55,784)
Tax charges		660,706	26,115
Foreign exchange losses/(gains)		264,550	50,255
		1,040,287	170,099
Movement in debtors	11	(5,022,115)	1,391,587
Movement in creditors	12	738,355	451,898
		(4,283,760)	1,843,485
Tax paid		(369,224)	(25,648)
Net cash from operating activities		269,182	1,439,803
Cash flows from investing activities			
Acquisition of intangible assets	9	(239,606)	(130,889)
Acquisition of tangible fixed assets	10	(5,593)	-
Net cash from investing activities		(245,199)	(130,889)
Net change in cash and cash equivalents		23,983	1,308,914
Cash and cash equivalents at start of period/year		1,775,349	471,439
Effect of exchange rate fluctuations on cash held		11,817	(5,004)
Cash and cash equivalents at end of period/year		1,811,149	1,775,349

The notes on pages 15 to 28 form part of these financial statements.

Bfinance UK Limited
Notes to the Financial Statements
For the year ended 31 March 2020

1. Summary of Significant Accounting Policies

Bfinance UK limited is a company limited by shares and incorporated and domiciled in the UK, and registered in England and Wales.

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 March 2018. The presentation currency of these financial statements is Sterling.

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, 2nd Floor, 36 Queen Street, London, EC4R 1BN.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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 1.14.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for certain financial instruments that are held at fair value.

1.2 Change of accounting period

The Company had changed its accounting period end from 30 September to 31 March. The comparative financial period presented is therefore 6 months to 31 March 2019. The numbers presented are not entirely comparable due to the difference in the length of the reporting periods. The Directors decided to change the reporting date in order to align the Company's year end to that of its parent entity.

1.3 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 4 of this report.

The Group has a considerable amount of accrued revenue across different geographic areas and as a result the Directors feel that the Group is well placed to manage its business risks successfully. In addition to this the Company through its ultimate parent company and its fellow group companies, has prepared forecasts under various reasonable scenarios which indicate that together with its banking facilities, noted below, it has adequate resources to continue in operation for the next twelve months from the date of these financial statements.

Accordingly, the business has continued to adopt the going concern basis in preparing these financial statements.

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

1.4 Foreign Currency Translation

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

1.5 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.

1.6 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.

Derivative financial instruments

Derivatives are recorded as financial assets at fair value through profit and loss unless they are designated as effective hedging instruments as defined by FRS 102. Derivatives have no fair value at initial transaction date; they are revalued at the Balance Sheet date to fair value, with the credit or charge recorded directly in the profit and loss account.

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

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.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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 in note 1.12.

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 – 2 to 4 years
- Computer equipment – 2 to 3 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.

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

1.8 Goodwill and Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses.

Computer software and website development

Development costs are capitalised where it is probable that the future economic benefits that are attributable to the asset will flow to the entity, and where the cost of the asset can be measured reliably.

Amortisation

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

- Goodwill – 5 years
- Customer list – 2 to 5 years
- Computer software – 3 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 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.

1.10 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.

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

1.11 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. Revenue predominantly relates to advisory or consulting services in relation to the Group's principal activity, the provision of search and selection services to institutional investors, which is measured at the fair value of the consideration received or receivable net of sales related taxes.

The Company typically engages with an investor, the customer, who initiates an investment mandate using the Company's expertise, experience and processes to select fund managers who, after selection and upon investment, compensate the Company at fixed commission rates agreed with the investor at the outset of the search process. Save for a de minimis break fee the Company does not have any other enforceable rights to payment until the investment is made and the decision to invest rests solely with the investor.

The Company's sole performance obligation is the presentation of a shortlist of fund managers to the investor for a specific mandate which follows scoping, requests for proposals from fund managers and several stages of refinement.

Revenue is recognised after the investor reconfirms their intention to proceed with the mandate following the presentation of the shortlist of fund managers.

The transaction price is based on the value of the investment at commission rates specified within the mandate and as reconfirmed by the investor following the presentation of the shortlist of fund managers. The transaction price is then reduced to reflect the small proportion of revenue that does not progress to the investment stage. This reduction is estimated using the cumulative total of such reversals over the total revenue recognised over the last five and half years and where appropriate discounting transactions that are non-recurring in nature.

The whole transaction price is deemed to relate to the Company's sole performance obligation, the presentation of the shortlist of fund managers to the investor.

In most cases revenue recognition precedes investment, and therefore invoicing, by several months during which time the investor undertakes due diligence and documentation. In a few cases this period may be longer where there are drawdown, phased commitment or other arrangements in place. During this period revenue is held as accrued income. Payment terms after invoicing are typically up to 30 days.

1.12 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.

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For the year ended 31 March 2020

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.

1.13 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.14 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below:

a. Revenue recognition

The Company recognises revenue when all its service obligations to clients have been fulfilled and there is a degree of certainty that clients will proceed with their investments. Initial revenue recognition is based on amounts clients intend to invest. Invoicing is based on either actual amounts invested or committed.

As revenue is recognised before the investor fulfils the investment mandate and given that the Company has no enforceable rights to compensation unless the mandate is invested the actual outcome may differ from estimates made at revenue recognition.

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

b. Useful economic lives of tangible fixed assets

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

c. Intangible assets

Management must estimate the expected useful lives of intangible assets and charge amortisation on those assets accordingly. In determining the useful economic life of the intangible software assets, management has given consideration to the length of time that its own software is typically used within its market. In addition, management reviewed competitor products and the length of time they had also been in use. Consideration was also given as to the likelihood that a new competitor could enter the market with a new product. This was considered unlikely due to the up-front capital investment which would be required to develop a new product, the requirement for reference sites to demonstrate the product, and the long life cycles which products have in the market.

d. Development costs

The Company reviews half yearly whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each bi-annual review. In addition, all internal activities related to the research and development of new software products are continuously monitored by the Directors.

2. Turnover

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Rendering of services	13,612,301	4,084,386

A geographical analysis of turnover is as follows:

United Kingdom	3,613,487	1,919,337
European Union	5,464,389	1,346,627
Middle East	2,645,634	289,986
Australia	1,888,791	528,436
	13,612,301	4,084,386

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

3. Auditors remuneration

The Audit fee amounting to £9,000 (2019: £12,500) was borne by Bfinance Group Holdings Limited, the Company's ultimate parent undertaking.

Non audit costs provided by the auditors to Bfinance UK Limited amount to £nil (2019: £nil).

4. Staff numbers and costs

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

	Year ended 31 March 2020	6 month period ended 31 March 2019
Administration	8	7
Selling and marketing	38	36
	46	43

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Wages and salaries (including executive director)	5,012,154	2,365,050
Social security costs	506,616	328,962
Pension contributions	196,722	184,551
Total staff costs	5,715,492	2,878,563

5. Other operating income

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Delivery and servicing costs recharged to group companies	569,949	1,213,587

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

6. Directors' Remuneration

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Directors' remuneration	234,000	103,001
Company pension contributions to defined contribution pension	10,001	5,000
	<u>244,001</u>	<u>108,001</u>

The above remuneration relates to a single director.

7. Interest receivable

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Interest on group balances	<u>188,371</u>	<u>55,784</u>

8. Taxation

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
UK corporation tax	630,734	(46,773)
Adjustments in relation to prior periods	223,321	-
Foreign tax in the period	2,197	-
Total current tax	<u>856,252</u>	<u>(46,773)</u>
Origination and reversal of timing differences	(130,072)	72,888
Adjustments in relation to prior periods	(66,536)	-
Effect of tax rate change on opening balance	1,062	-
Total deferred tax	<u>(195,546)</u>	<u>72,888</u>
Total income tax charge in the Statement of Comprehensive Income	<u>660,706</u>	<u>26,115</u>

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Notes to the Financial Statements (continued)
For the year ended 31 March 2020

The effective rate is lower than (2019: higher than) the standard rate of corporation tax in the United Kingdom. The differences are:

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Profit/ (loss) before taxation	4,542,585	(522,018)
Income tax at UK corporation tax average rate of 19% (2019: 19%)	863,091	(99,183)
Effects of:		
- Fixed asset differences	2,533	-
- Adjustment in relation to prior periods	156,785	290
- Expenses not deductible for tax purposes	51,037	98,938
- Group relief claimed for no consideration	(333,000)	34,129
- Effect of changes in tax rate	(8,259)	(8,059)
- Deferred tax not recognized	(71,481)	-
Total income tax charge in the Statement of Comprehensive Income	660,706	26,115

In the Spring Budget 2020, the Government announced that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The new law was substantively enacted by a resolution under the Provisional Collection of Taxes Act 1968 on 17 March 2020.

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 recognised deferred tax assets/ (liabilities) comprise:

	Year ended 31 March 2020 £	6 month period ended 31 March 2019 £
Accelerated capital allowances	10,832	(73,662)
Other timing differences	74,196	(1,905)
Losses and other deductions	34,951	-
	119,979	(75,567)

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

9. Goodwill and Intangible Assets

	Goodwill £	Customer List £	Computer Software £	Total £
Cost				
Balance at 1 April 2019	356,989	102,804	487,771	947,564
Additions during year	-	-	239,606	239,606
Effect of movement in foreign exchange	12,952	(642)	-	12,310
Balance at 31 March 2020	<u>369,941</u>	<u>102,162</u>	<u>727,377</u>	<u>1,199,480</u>
Amortisation and impairment				
Balance at 1 April 2019	339,140	55,686	184,004	578,830
Amortisation for the year	18,148	47,896	184,653	250,697
Effect of movements in foreign exchange	12,653	(1,420)	-	11,233
Balance at 31 March 2020	<u>369,941</u>	<u>102,162</u>	<u>368,657</u>	<u>840,760</u>
Net book value				
At 1 April 2019	<u>17,849</u>	<u>47,118</u>	<u>303,767</u>	<u>368,734</u>
At 31 March 2020	<u>-</u>	<u>-</u>	<u>358,720</u>	<u>358,720</u>

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

10. Tangible Assets

	Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 April 2019	148,321	289,346	204,585	642,252
Additions during year	-	1,670	3,923	5,593
Effect of movements in foreign exchange	(3,229)	-	932	(2,297)
At 31 March 2020	145,092	291,016	209,440	645,548
Accumulated depreciation				
At 1 April 2019	93,848	258,101	183,753	535,702
Charge for the period	14,583	28,332	9,790	52,705
Effect of movements in foreign exchange	(3,229)	-	349	(2,880)
At 31 March 2020	105,202	286,433	193,892	585,527
Net book value				
At 1 April 2019	54,473	31,245	20,832	106,550
At 31 March 2020	39,890	4,583	15,548	60,021

11. Trade and other debtors

	2020	2019
	£	£
<i>Falling due within one year</i>		
Trade debtors	2,716,353	1,941,375
Amounts owed by group undertakings	18,118,322	15,703,320
Deferred tax	119,979	-
Other debtors	296,084	284,701
Forward currency derivative contracts	-	12,345
Prepayments and accrued income	6,112,233	4,279,136
	27,362,971	22,220,877
Amounts falling due within one year	27,362,971	22,220,877
Amounts falling due after one year	-	-
	27,362,971	22,220,877

Amounts owed by group undertakings are repayable on demand.

Bfinance UK Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2020

12. Trade and other creditors

	2020	2019
	£	£
<i>Falling due within one year</i>		
Trade creditors	179,220	368,791
Amounts owed to group undertakings	14,922,321	13,255,075
Taxation and social security	535,404	429,476
Corporation tax	542,842	55,814
Deferred tax	-	75,567
Accruals and deferred income	1,820,640	2,590,321
	18,000,427	16,775,044
Amounts falling due within one year	18,000,427	16,775,044
Amounts falling due after one year	-	-
	18,000,427	16,775,044

13. Employee benefits

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £196,722 (6 month period ended 31 March 2019: £184,551).

The amount outstanding at 31 March 2020 was £37,228 (2019: £29,441).

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Notes to the Financial Statements (continued)
For the year ended 31 March 2020

14. Share capital

Allotted, called up and fully paid	2020 £	2019 £
4,700,000 ordinary shares of £1 each	4,700,000	4,700,000

15. Operating Lease

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2020 £	2019 £
Between one and five years	1,974,639	2,294,420
More than five years	-	147,174
	<u>1,974,639</u>	<u>2,441,594</u>

During the year £416,749 was recognised as an expense in the profit and loss account in respect of operating leases (6 month period to 31 March 2019: £209,491).

16. Controlling parties

The Company's parent undertaking is Bfinance International Limited, a company registered in the United Kingdom.

The Company's ultimate parent company is Bfinance Group Holdings Limited, and this represents the smallest and largest group into which the results of the Company are consolidated.

The consolidated financial statements of that company can be obtained from 2nd Floor, 36 Queen Street, London, EC4R 1BN.

The Company is ultimately owned by Baird Capital Partners Europe II LP and BCPE II Special Affiliates LP. These funds are ultimately controlled by Baird Capital partners Europe Limited, incorporated in England.