

Company Registration No. 05409822 (England and Wales)

**GALE AND PHILLIPSON INVESTMENT SERVICES LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2019**

TUESDAY



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# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## COMPANY INFORMATION

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<b>Directors</b>	P D Griffin Gale and Phillipson Holdings Ltd	(Appointed 17 September 2018) (Appointed 5 October 2018)
<b>Secretary</b>	Endeavour Secretary Limited	
<b>Company number</b>	05409822	
<b>Registered office</b>	Gallowfields House Fairfield Way Richmond North Yorkshire DL10 4TB	
<b>Auditors</b>	Mitchell Gordon LLP Accountants and Statutory Auditor 43 Coniscliffe Road Darlington Co. Durham DL3 7EH	
<b>Bankers</b>	Lloyds TSB 102 Grey Street Newcastle Upon Tyne Tyne & Wear	
<b>Solicitors</b>	The Endeavour Partnership LLP Tobias House St Mark's Court Teesdale Business Park Stockton-on-Tees Teesside TS17 6QW	

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# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

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# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MAY 2019**

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The directors present the strategic report for the year ended 31 May 2019.

### **Review of Business**

The statement of comprehensive income for the year is set out on page 9.

The year saw significant positive developments in the management and strategy of the business. These developments built on the earlier progress made by the company. The firm remained independent, and operated within the approach required under RDR, the retail distribution review.

One major development was continued growth in funds under management.

Funds managed in our discretionary investment management services, DMP (launched in 2015) and PMP (the Personal Managed Portfolio, launched in 2010) and SIMS (the Structured Investment Management service) grew 12% from £335m to £375m. Our PMP/DMP services now have a material and viable level of FUM. Further growth will occur as existing advisers and advisers from newly acquired businesses assess the suitability of the services for their existing clients and recommend the services when they are suitable. Our formal advisory investment management services (SIMS) is a useful complement to the discretionary services for clients who can't or prefer not to use a discretionary service but who want regular detailed reviews of their investments.

The firm has contractual arrangements with clients for regular financial planning advice and regular investment oversight which covered approximately £310m FUM at the end of the year (excluding the appointed representatives).

The cash management service, DCM, launched in March 2010, continued to maintain significant funds under management above £200m despite the adverse economic environment of historically very low savings rates and increased competition. DCM is distributed direct by the group's own advisers and through other introducers, such as independent financial advisers, lawyers and accountants.

During the year, G&P underwent a corporate restructuring. As a result the business now operates through an unregulated holding company, Gale and Phillipson Holdings Ltd. The Directors believe that the new corporate structure is more robust from a regulatory perspective and allows acquisitions and investments to be made more efficiently.

The new holding company agreed terms for the acquisition of 3 businesses during the year, one of which has already been completed. In advance of two of the acquisitions of the businesses have become appointed representatives of Gale and Phillipson Advisory Services, one of the company's subsidiaries and this has resulted in an increase in revenues for that business. In addition, all 3 businesses have already started using the company's investment management services which are delivered by GPIS contributing just over £10m funds under management at the year end but with significant growth expected in the coming year.

Solid financial performance by the company continued over the year as income and funds under management grew. Costs increased in line with activity and as the company implemented further growth by acquisition. The Board believes that the company is well placed to capitalise on the investment that has been made during earlier years by further organic growth and by a carefully implemented continuation and development of its acquisition strategy.

# **GALE AND PHILLIPSON INVESTMENT SERVICES LTD**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2019**

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### **Risks and KPIs**

The principal risks faced by the business are the challenges in:

- Successfully integrating acquired firms into the group
- Maintaining continued growth, as although the company is viable and profitable, it remains too small to fully capitalise on its considerable assets
- Maintaining high quality service and customer satisfaction
- Delivering efficient and accurate administrative and technical support for advisers
- Maintaining and increasing DCM FUM in the light of exceptionally low savings rates and increased competition

The company manages these risks by a variety of methods including implementing project plans for key developments, a strong management and governance structure and well-established line management and technical procedures.

The company manages performance by monitoring a range of key performance indicators against targets agreed during the year. These include both sales and financial measures. The directors believe that these are a useful way of ensuring that underperforming areas receive adequate focus to address the causes of underperformance.

### **Liquidity Risk**

The company is subject to liquidity risk arising from the requirement for it to meet liquidity criteria set by the FCA. The company mitigates this risk through close monitoring and management of operating cash flows.

The directors are satisfied procedures are in place to manage the risks identified and ensure appropriate mitigating action is taken.

### **Future Developments**

The firm intends to increase other income and funds under management by organic growth and successful integration of its existing acquisitions. It intends to maintain DCM FUM through focus on new markets including corporates, academies and charities. It also intends to continue to improve processes to enhance customer experience, efficiency and quality.

### **Employee Involvement**

The company believes that informed staff are better motivated. The company facilitates communication with employees through a regular email briefing to keep all staff informed of any developments, by an open management style and by regular meetings between line managers and staff. The Board works closely with an "employee engagement group" to encourage open dialogue with staff.

The majority of permanent staff are shareholders in the company's holding company. The company also has a strong belief in performance related pay and has a bonus system for staff to link remuneration to individual performance. The approach is used to help manage individual performance.

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2019**

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### **Directors**

The directors of the company at the start of the year were Angelica Carr (NED), David Carr, Adam Galache-Brown, Phil Morris, Peter Griffin, Darren Shur, Lewis Bloch and Alan Sneddon. Following the corporate restructure during the year all 8 directors became directors of the new holding company and 6 of the directors resigned as directors of Gale and Phillipson Investment Services Ltd, leaving Adam Galache-Brown and Alan Sneddon as directors of Gale and Phillipson Investment Services Ltd. Alan Sneddon and Adam Galache-Brown subsequently resigned as directors of the company and Peter Griffin and Gale and Phillipson Holdings Ltd were appointed as a directors.

On behalf of the board



Adam Galache-Brown (on behalf of Gale and Phillipson Holdings Ltd)

**Director**

19 September 2019

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MAY 2019**

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The directors present their annual report and financial statements for the year ended 31 May 2019.

### Principal activities

The principal activity of the company continued to be that of independent financial advisors and wealth managers.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D H Carr	(Resigned 5 July 2018)
A J Galache-Brown	(Resigned 5 October 2018)
A Carr	(Resigned 5 July 2018)
P A Morris	(Resigned 5 July 2018)
A R Sneddon	(Resigned 17 September 2018)
P D Griffin	(Resigned 5 July 2018)
D Shur	(Resigned 5 July 2018)
L Bloch	(Resigned 5 July 2018)
P D Griffin	(Appointed 17 September 2018)
Gale and Phillipson Holdings Ltd	(Appointed 5 October 2018)

### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

### Changes in presentation of the financial statements

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and financial instrument risks.

### Auditor

The auditor, Mitchell Gordon LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 MAY 2019*

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On behalf of the board

A handwritten signature in black ink, appearing to be 'AG' followed by a stylized flourish.

Adam Galache-Brown (on behalf of Gale and Phillipson Holdings Ltd)  
Director

19 September 2019



# **GALE AND PHILLIPSON INVESTMENT SERVICES LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MAY 2019***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF GALE AND PHILLIPSON INVESTMENT SERVICES LTD

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#### Opinion

We have audited the financial statements of Gale and Phillipson Investment Services Ltd (the 'company') for the year ended 31 May 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 FRS 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 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

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 our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF GALE AND PHILLIPSON INVESTMENT SERVICES LTD

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#### **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 the directors' report.

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.

#### **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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

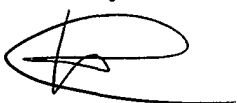
#### **Use of our report**

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

**Mr Lee Harris FCCA (Senior Statutory Auditor)**  
for and on behalf of Mitchell Gordon LLP

19 September 2019

**Chartered Certified Accountants**  
**Statutory Auditor**



Mitchell Gordon LLP  
Accountants and Statutory Auditor  
43 Coniscliffe Road  
Darlington  
Co. Durham  
DL3 7EH

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2019

	Notes	2019 £	2018 £
Turnover	3	3,397,680	3,138,580
Cost of sales		(3,118,755)	(2,611,834)
<b>Gross profit</b>		<b>278,925</b>	<b>526,746</b>
Administrative expenses		(906,727)	(795,456)
Other operating income		719,200	429,031
<b>Operating profit</b>	4	<b>91,398</b>	<b>160,321</b>
Interest receivable and similar income	8	39,326	6,359
Gain on disposal of fixed asset investment		-	2,479
<b>Profit before taxation</b>		<b>130,724</b>	<b>169,159</b>
Tax on profit	9	(20,430)	(41,691)
<b>Profit for the financial year</b>		<b>110,294</b>	<b>127,468</b>

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## BALANCE SHEET

AS AT 31 MAY 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Goodwill	10		32,943		70,175
Tangible assets	11		73,265		87,840
Investments	12		5,072,051		5,072,051
			<u>5,178,259</u>		<u>5,230,066</u>
<b>Current assets</b>					
Debtors falling due after more than one year	14	937,196		41,117	
Debtors falling due within one year	14	389,474		337,182	
Cash at bank and in hand		1,210,980		1,962,575	
		<u>2,537,650</u>		<u>2,340,874</u>	
<b>Creditors: amounts falling due within one year</b>	15	(624,708)		(442,431)	
<b>Net current assets</b>			<u>1,912,942</u>		<u>1,898,443</u>
<b>Total assets less current liabilities</b>			<u>7,091,201</u>		<u>7,128,509</u>
<b>Creditors: amounts falling due after more than one year</b>	16		-		(121,741)
<b>Net assets</b>			<u><u>7,091,201</u></u>		<u><u>7,006,768</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		807,630		807,630
Share premium account	20		6,619,563		6,619,563
Other reserves	21		-		25,861
Profit and loss reserves	22		(335,992)		(446,286)
<b>Total equity</b>			<u><u>7,091,201</u></u>		<u><u>7,006,768</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19 September 2019 and are signed on its behalf by:



Adam Galache-Brown (For and on behalf of Gale and Phillipson Holdings Ltd)  
Director

Company Registration No. 05409822

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2019

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 June 2017		748,854	5,823,978	1,300	(573,754)	6,000,378
<b>Year ended 31 May 2018:</b>						
Profit and total comprehensive income for the year		-	-	-	127,468	127,468
Issue of share capital		58,776	795,585	-	-	854,361
Equity settled share based payments		-	-	24,561	-	24,561
<b>Balance at 31 May 2018</b>		<u>807,630</u>	<u>6,619,563</u>	<u>25,861</u>	<u>(446,286)</u>	<u>7,006,768</u>
<b>Year ended 31 May 2019:</b>						
Profit and total comprehensive income for the year		-	-	-	110,294	110,294
Equity settled share based payments		-	-	(25,861)	-	(25,861)
<b>Balance at 31 May 2019</b>		<u>807,630</u>	<u>6,619,563</u>	<u>-</u>	<u>(335,992)</u>	<u>7,091,201</u>

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MAY 2019**

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### **1 Accounting policies**

#### **Company information**

Gale and Phillipson Investment Services Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Gallowfields House, Fairfield Way, Richmond, North Yorkshire, DL10 4TB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Gale and Phillipson Investment Services Ltd is a wholly owned subsidiary of Gale and Phillipson Holdings Ltd and the results of Gale and Phillipson Investment Services Ltd are included in the consolidated financial statements of Gale and Phillipson Holdings Ltd which are available from Gallowfields House, Fairfield Way, Richmond, North Yorkshire, DL10 4TB.

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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### 1 Accounting policies

(Continued)

#### 1.2 Prior period error

Following a review of contracts with a supplier it was noted that income on a contract had previously been accounted for gross of costs when in reality only a proportion of the income, and none of the costs, related to the company.

A correction has been made to turnover and cost of sales of £192,206 in the prior period in respect of this error.

There is no impact on the gross profit for the year as a consequence of this restatement.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover represents the value of work carried out during the year including amounts not yet invoiced, excluding value added tax.

Turnover is generally recognised at the time payment becomes due or invoices are issued, but where charges are made less frequently than monthly, income is accrued reflecting the proportion of the period covered.

Other operating income represents charges made to group members in respect of shared costs borne by the company.

#### 1.5 Intangible fixed assets - goodwill

Goodwill in connection with a business acquired in 2015 is being amortised over its useful economic life of five years.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Improvements to leasehold property	Over the life of the lease
Fixtures and fittings	15% on reducing balance
Computer equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.



# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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### 1 Accounting policies

(Continued)

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities including loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 1 Accounting policies

(Continued)

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 2 Judgements and key sources of estimation uncertainty

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

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

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Commissions and Fees	427,612	440,257
Investment Management	2,344,108	2,018,460
Cash Management	625,960	679,863
	<u>3,397,680</u>	<u>3,138,580</u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Interest income	39,326	6,359
Management Charges	719,200	-
	<u>758,526</u>	<u>6,359</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>3,397,680</u>	<u>3,138,580</u>

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	34,936	29,301
Loss on disposal of tangible fixed assets	17,043	6,497
Amortisation of intangible assets	37,232	37,232
Operating lease charges	73,730	109,929

### 5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	7,339	7,700

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Sales	5	5
Managers	10	6
Administration	20	19
Directors	1	5
	36	35

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,764,037	1,575,763
Social security costs	196,272	166,139
Pension costs	208,724	156,294
	2,169,033	1,898,196

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 7 Directors' remuneration

	2019 £	2010 £
Remuneration for qualifying services	180,301	502,657
Company pension contributions to defined contribution schemes	16,670	20,757
	<u>196,971</u>	<u>523,414</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	174,289

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

### 8 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	11,503	6,359
Interest receivable from group companies	27,823	-
Total income	<u>39,326</u>	<u>6,359</u>

### 9 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(395)	395
Adjustments in respect of prior periods	-	(1,180)
Total current tax	<u>(395)</u>	<u>(785)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>20,825</u>	<u>42,476</u>
Total tax charge	<u>20,430</u>	<u>41,691</u>

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	130,724	169,159
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	24,838	32,140
Tax effect of expenses that are not deductible in determining taxable profit	(3,322)	6,442
Adjustments in respect of prior years	(3,381)	(1,180)
Effect of change in corporation tax rate	2,295	4,289
Taxation charge for the year	20,430	41,691

The company has tax losses of £350,601 (2018: £498,633) available to offset against future trading profits.

The company has £317,375 (2018: £319,454) of capital losses available to offset against future capital gains.

### 10 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 June 2018 and 31 May 2019	186,160
<b>Amortisation and impairment</b>	
At 1 June 2018	115,985
Amortisation charged for the year	37,232
At 31 May 2019	153,217
<b>Carrying amount</b>	
At 31 May 2019	32,943
At 31 May 2018	70,175

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 11 Tangible fixed assets

	improvements to leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 June 2018	38,394	60,643	73,339	172,376
Additions	19,858	3,638	13,906	37,402
Disposals	-	(45,626)	(14,870)	(60,496)
At 31 May 2019	58,252	18,655	72,375	149,282
<b>Depreciation and impairment</b>				
At 1 June 2018	21,833	33,303	29,400	84,536
Depreciation charged in the year	9,833	3,995	21,108	34,936
Eliminated in respect of disposals	-	(30,307)	(13,148)	(43,455)
At 31 May 2019	31,666	6,991	37,360	76,017
<b>Carrying amount</b>				
At 31 May 2019	26,586	11,664	35,015	73,265
At 31 May 2018	16,561	27,340	43,939	87,840

### 12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	13	5,072,051	5,072,051

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 June 2018 & 31 May 2019	5,072,051
<b>Carrying amount</b>	
At 31 May 2019	5,072,051
At 31 May 2018	5,072,051

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 13 Subsidiaries

Details of the company's subsidiaries at 31 May 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Gale and Phillipson Advisory Services Ltd	UK	Investment and life assurance intermediaries	Ordinary	-	100.00
Gale and Phillipson General Financial Services Ltd	UK	Financial management services	Ordinary	100.00	-

Gale and Phillipson Advisory Services Ltd is a 100% owned subsidiary of Gale and Phillipson General Financial Services Ltd which is in turn a 100% subsidiary of Gale and Phillipson Investment Services Ltd.

### 14 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	8,098	4,651
Amounts owed by group undertakings	192,624	-
Prepayments and accrued income	156,484	292,022
	<u>357,206</u>	<u>296,673</u>
Deferred tax asset (note 17)	32,268	40,509
	<u>389,474</u>	<u>337,182</u>
	<b>2019 £</b>	<b>2018 £</b>
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	908,663	-
Deferred tax asset (note 17)	28,533	41,117
	<u>937,196</u>	<u>41,117</u>
<b>Total debtors</b>	<u><u>1,326,670</u></u>	<u><u>378,299</u></u>



# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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

	2019 £	2018 £
Trade creditors	36,330	32,887
Amounts owed to group undertakings	99,766	-
Corporation tax	-	395
Other taxation and social security	143,119	156,915
Other creditors	2,590	5,435
Accruals and deferred income	342,903	246,799
	<u>624,708</u>	<u>442,431</u>

### 16 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	-	121,741
	<u>-</u>	<u>121,741</u>

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances for financial reporting purposes:

Balances:	Assets 2019 £	Assets 2018 £
ACAs	(7,549)	(14,373)
Tax losses	60,097	89,436
Temporary timing differences	8,253	6,563
	<u>60,801</u>	<u>81,626</u>

Movements in the year:	2019 £
Liability/(Asset) at 1 June 2018	(81,626)
Charge to profit or loss	20,825
Liability/(Asset) at 31 May 2019	<u>(60,801)</u>

Due to the use of tax losses and the reversal of temporary timing differences the above asset is expected to be unwound over the next 24 months.

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

### 18 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	208,724	156,294

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the reporting date the company owed £48,741 (2018: £35,660) in respect of accrued pension costs not yet paid.

### 19 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
3,230,520 Ordinary of 25p each	807,630	807,630

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

### 20 Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

### 21 Other reserves

Includes accumulated amounts associated with share based payment arrangements.

All share options previously in issue were surrendered or expired during the year following a group reconstruction.

### 22 Profit and loss reserves

Includes all current and prior period retained profits and losses.

### 23 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	28,969	26,384
Between two and five years	6,609	32,296
	35,578	58,680

# GALE AND PHILLIPSON INVESTMENT SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2019

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### 24 Related party transactions

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Provision of management services	
	2019 £	2018 £
Other related parties	188,000	-

During the year the company let premises from one of the directors and a close family member for £44,250 (2018: £73,349)

During the year the company contracted consulting services from a close family member of one of the directors for £18,000 (2018: £30,775)

The company provided an interest free loan to another group member during the year. Advances during the year were £197,809 (2018: £nil) and repayments were £5,185 (2018: £nil). The balance outstanding at the year end was £192,624 (2018: £nil).

### 25 Ultimate controlling party

The immediate and ultimate parent company is Gale and Phillipson Holdings Ltd, a company registered in England and Wales.

During the year there was no single ultimate controlling party of the company.

### 26 Change of name

On 9 July 2018 the company changed its name from Gale and Phillipson Ltd to Gale and Phillipson Investment Services Ltd.