

Registered number
06416837

Shore Capital Management Limited

Annual report and consolidated financial statements for the year ended

31 December 2018



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Annual report and consolidated financial statements
for the year ended 31 December 2018
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**Shore Capital Management Limited
Company Information**

Directors

M L van Messel
D R Kaye

Registered Number
06416837

Registered Office
Cassini House
57 St James's Street
London SW1A 1LD
United Kingdom

Country of incorporation
United Kingdom

Auditor
BDO LLP
150 Aldersgate Street
London
United Kingdom
EC1A 4AB

Bankers
Barclays Bank PLC
1 Churchill Place
London, E14 5HP

Shore Capital Management Limited Strategic Report

The Directors present their Strategic Report for Shore Capital Management Limited ("the Company") and its subsidiary The Lily Partnership LLP (together "the Group") for the year ended 31 December 2018.

Review of the business

The principal activity of the Group during the year was to charter out a commercial jet.

As shown on page 7, the Group saw a loss before tax of £1,779,846 (2017: £1,987,943) for the year. The loss is funded quarterly by its subsidiary's Members.

The Directors do not recommend a final dividend on ordinary shares.

Key performance indicators for the Group are turnover and cost of sales from chartering the jet as well as net assets to ensure the Company has sufficient funds to maintain operations. The Group has a net asset figure at the year ending 31 December 2018 of £4,116,214.

The Company issued £5,350,000 of shares in the year.

Principal risks and uncertainties


The principal risks this Group faces are primarily going concern risk due to its loss making operations and credit risk from debtors. In terms of going concern risk, the Group is dependent on the support of its parent. This has been considered further in the Directors' Report and Note 1 to these consolidated financial statements.

In terms of credit risk, given the amounts owed to the Group are due from other Shore Capital group companies, the Directors believe the risk to be minimal.

Future developments

The Group expects no changes to the Group's principal activity and how these operations are funded.

This report was approved by the Board of Directors on 27 September 2019.



D R Kaye
Director
Cassini House
57 St James's Street
London SW1A 1LD

Shore Capital Management Limited Directors' Report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2018.

Going Concern

The Group's business activities and its management of financial risks, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Group is dependent on financial support from its parent to continue its operations. The directors of Shore Capital Group Limited have indicated that it is their current intention to provide sufficient funding to the Company to enable it to meet its liabilities as they fall due, however this funding is not guaranteed. The dependence of the Group on continued support from its parent constitutes a material uncertainty that may cast a significant doubt upon the Group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Notwithstanding this, after making enquiries, the Directors have a reasonable expectation that the Group will have the support of the Shore Capital group of companies and therefore adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who served throughout the year and to the date of signing were as follows:

M L van Messel

D R Kaye

Directors' Indemnities

The Group makes qualifying third party indemnity provisions for the benefit of its Directors. These were made during the year and remain in force at the date of this report.

Auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s485 of the Companies Act 2006.

Shore Capital Management Limited

Directors' Report (continued)

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A resolution to re-appoint BDO LLP as auditor of the Group will be proposed at the Company's Annual General Meeting.

This report was approved by the Board of Directors on 27 September 2019.



D R Kaye
Director
Cassini House
57 St James's Street
London SW1A 1LD

Shore Capital Management Limited
INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SHORE CAPITAL MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Shore Capital Management Limited ("the Parent Company") and its subsidiary ("the Group") for the year ended 31 December 2018 which comprise the consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated and Parent company balance sheet, consolidated and Parent company statement of changes in equity, consolidated cash flow statement 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 Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss 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 Group and the Parent 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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which explains that the group and the parent company is dependent on financial support from its parent, Shore Capital Group Limited, to enable it to continue as a going concern, however this funding is not guaranteed. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Shore Capital Management Limited
INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SHORE CAPITAL MANAGEMENT LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 Group's and the Parent 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 Group or the Parent 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 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom
Date 27 September 2019

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

Shore Capital Management Limited
Consolidated Profit and Loss Account
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Turnover	2	1,117,372	1,324,840
Cost of sales		(1,868,693)	(1,733,469)
Gross Loss		<u>(751,321)</u>	<u>(408,629)</u>
Administrative expenses		(814,518)	(1,254,017)
Operating Loss	3	<u>(1,565,839)</u>	<u>(1,662,646)</u>
Interest receivable and similar income		925	100
Interest payable and similar charges		(214,932)	(325,397)
Loss on ordinary activities before taxation		<u>(1,779,846)</u>	<u>(1,987,943)</u>
Tax credit on loss on ordinary activities	8	336,000	372,000
Loss for the financial year after tax		<u><u>(1,443,846)</u></u>	<u><u>(1,615,943)</u></u>
Loss for the period attributable to:			
Non-controlling interest		(355,969)	(397,589)
Equity shareholders of the Company		<u>(1,087,877)</u>	<u>(1,218,354)</u>
		<u><u>(1,443,846)</u></u>	<u><u>(1,615,943)</u></u>

Continuing operations

All transactions are in respect of continuing operations.

The notes on pages 14 to 21 form part of these financial statements.

Shore Capital Management Limited
Consolidated Statement of Other Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Loss for the financial year		(1,443,846)	(1,615,943)
Items that may be subsequently reclassified to the profit or loss:			
Foreign currency translation		297,855	273,525
Gains arising on cash flow hedges during the period		11,512	143,160
Tax relating to items of other comprehensive income		(1,737)	(20,692)
Other comprehensive income		<u>307,630</u>	<u>395,993</u>
Total comprehensive loss		<u>(1,136,216)</u>	<u>(1,219,950)</u>
Total comprehensive loss for the period attributable to:			
Non-controlling interest		(294,670)	(319,771)
Equity shareholders of the Company		<u>(841,546)</u>	<u>(900,179)</u>
		<u>(1,136,216)</u>	<u>(1,219,950)</u>

The notes on pages 14 to 21 form part of these financial statements.

Shore Capital Management Limited
Consolidated Balance Sheet
as at 31 December 2018
Company number: 06416837

	Notes	2018 £	2017 £
Fixed assets			
Tangible fixed assets	10	5,665,489	6,132,894
Current assets			
Debtors: amounts due within one year	12	3,187,510	2,212,747
Cash at bank and in hand		8,064	517,695
		<u>3,195,574</u>	<u>2,730,442</u>
Creditors: amounts falling due within one year	13	(4,744,849)	(10,243,768)
Net current liabilities		<u>(1,549,275)</u>	<u>(7,513,326)</u>
Total assets less current liabilities		<u>4,116,214</u>	<u>(1,380,432)</u>
Net assets/(liabilities)		<u>4,116,214</u>	<u>(1,380,432)</u>
Capital and reserves			
Share capital	14	14,406,829	9,056,829
Revaluation reserve		268,293	29,781
Hedging reserve		-	(7,819)
Profit and loss account		(10,892,373)	(9,804,496)
Shareholders' funds		<u>3,782,749</u>	<u>(725,705)</u>
Non-controlling interest		333,465	(654,727)
Total capital employed		<u>4,116,214</u>	<u>(1,380,432)</u>

The notes on pages 14 to 22 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 27 September 2019.

They were signed on its behalf by:


M L van Messel
 Director

Shore Capital Management Limited
Company Balance Sheet
as at 31 December 2018
Company number: 06416837

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	11	1,447,642		-	
Current assets					
Debtors: amounts due within one year	12	2,494,976		1,978,828	
			2,494,976		1,978,828
Creditors: amounts falling due within one year	13	-		(41,887)	
Net current assets		2,494,976		1,936,941	
Net assets		<u>3,942,618</u>		<u>1,936,941</u>	
Capital and reserves					
Share capital	14	14,406,829		9,056,829	
Profit and loss account		(10,464,211)		(7,119,888)	
Shareholders' funds		<u>3,942,618</u>		<u>1,936,941</u>	

The notes on pages 14 to 22 form part of these financial statements.

The loss for the financial year in the Company was £3,344,323.

These financial statements were approved by the Board of Directors and authorised for issue on 27 September 2019.

Signed on behalf of the Board of Directors:


M L van Messel
 Director

Shore Capital Management Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2018

Notes

	Share capital £	Revaluation reserve £	Hedging reserve £	Profit and loss account £	Non- controlling interest £	Total £
At 1 January 2017	8,290,412	(183,286)	(112,927)	(8,586,142)	(526,832)	(1,118,775)
Loss for the financial year	-	-	-	(1,218,354)	(397,589)	(1,615,943)
Foreign currency translation	-	213,067	-	-	60,458	273,525
Valuation change on cash flow hedge	-	-	121,662	-	21,498	143,160
Tax relating to items of other comprehensive income	-	-	(16,554)	-	(4,138)	(20,692)
Total comprehensive loss	-	213,067	105,108	(1,218,354)	(319,771)	(1,219,950)
Shares issued	766,417	-	-	-	-	766,417
Investment by non-controlling interest	-	-	-	-	191,876	191,876
At 31 December 2017	<u>9,056,829</u>	<u>29,781</u>	<u>(7,819)</u>	<u>(9,804,496)</u>	<u>(654,727)</u>	<u>(1,380,432)</u>
At 1 January 2018	9,056,829	29,781	(7,819)	(9,804,496)	(654,727)	(1,380,432)
Loss for the financial year	-	-	-	(1,087,877)	(355,969)	(1,443,846)
Foreign currency translation	-	238,512	-	-	59,343	297,855
Valuation change on cash flow hedge	-	-	9,185	-	2,327	11,512
Tax relating to items of other comprehensive income	-	-	(1,366)	-	(371)	(1,737)
Total comprehensive loss	-	238,512	7,819	(1,087,877)	(294,670)	(1,136,216)
Shares issued	14 5,350,000	-	-	-	-	5,350,000
Investment by non-controlling interest	-	-	-	-	1,282,862	1,282,862
At 31 December 2018	<u>14,406,829</u>	<u>268,293</u>	<u>-</u>	<u>(10,892,373)</u>	<u>333,465</u>	<u>4,116,214</u>

The notes on pages 14 to 22 form part of these financial statements.

Shore Capital Management Limited
Company Statement of Changes in Equity
for the year ended 31 December 2018

Notes

		Share capital £	Profit and loss account £	Total £
At 1 January 2017		<u>8,290,412</u>	<u>(6,724,380)</u>	<u>1,566,032</u>
Loss for the financial year		-	(395,508)	(395,508)
Total comprehensive loss		-	(395,508)	(395,508)
Shares issued		766,417	-	766,417
At 31 December 2017		<u>9,056,829</u>	<u>(7,119,888)</u>	<u>1,936,941</u>
At 1 January 2018		<u>9,056,829</u>	<u>(7,119,888)</u>	<u>1,936,941</u>
Loss for the financial year		-	(3,344,323)	(3,344,323)
Total comprehensive loss		-	(3,344,323)	(3,344,323)
Shares issued	14	5,350,000	-	5,350,000
At 31 December 2018		<u>14,406,829</u>	<u>(10,464,211)</u>	<u>3,942,618</u>

The notes on pages 14 to 22 form part of these financial statements.

Shore Capital Management Limited
Consolidated Cash Flow Statement
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Loss for the financial year after tax		(1,443,846)	(1,615,943)
Adjustments for:			
Depreciation charges	9	789,734	477,434
Impairment	9	-	771,605
Tax credit	8	(336,000)	(372,000)
Net interest paid		214,007	325,297
(Increase)/decrease in debtors due within one year		(708,763)	554,098
(Decrease)/increase in trade and other creditors falling due within one year		(16,487)	229,950
Net cash (outflow)/inflow from operating activities		(1,501,355)	370,441
Interest paid	6	(214,932)	(325,397)
Interest received		925	100
Net cash (used in)/generated by operating activities		(1,715,362)	45,144
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Investment by non controlling interest		1,282,862	191,876
Shares issued	14	5,350,000	766,417
Decrease in borrowings		(9,944,627)	(393,000)
New borrowings		4,153,415	-
Net cash generated by financing activities		841,650	565,293
(Decrease)/increase in cash in the period		(873,712)	610,437
Effect of exchange rates		364,081	(108,159)
Cash and cash equivalents at start of year		517,695	15,417
Cash and cash equivalents at end of year		8,064	517,695

The notes on pages 14 to 22 form part of these financial statements.

Shore Capital Management Limited
Notes to the consolidated financial statements
for the year ended 31 December 2018

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

1 Accounting policies

Company information

Shore Capital Management Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Bond Street House, 14 Clifford Street, London W1S 4JU.

Accounting convention

The Group is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Group's operations and principal activities are set out in the Strategic Report.

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group's functional and presentational currency are both Sterling.

The Company meets the definition of a qualifying entity under FRS 102 (1.12) and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in the Company financial statements in relation to presentation of a Company cash flow statement and financial instruments disclosures.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year.

Judgements and key sources of estimation uncertainty

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

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

Taxation

Management estimates the level of provision required for both current and deferred tax on the basis of professional advice and the nature of any current discussions with the tax authority concerned.

Impairment of assets

Investments in subsidiaries and tangible fixed assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Shore Capital Management Limited
Notes to the consolidated financial statements
for the year ended 31 December 2018

1 Accounting policies (continued)

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review in the Strategic Report.

The Group is dependent on financial support from its parent to continue its operations. The directors of Shore Capital Group Limited have indicated that it is their current intention to provide sufficient funding to the Group to enable it to meet its liabilities as they fall due, however this funding is not guaranteed. The dependence of the Group on continued support from its parent constitutes a material uncertainty that may cast a significant doubt upon the Group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Notwithstanding this, after making enquiries, the Directors have a reasonable expectation that the Group will have the support of the Shore Capital group of companies and therefore adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company applies the recognition and measurement provisions of IAS 39 Financial Instruments in accordance with FRS 102 section 12.

Financial assets and liabilities

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial assets and liabilities at FVTPL

Financial assets and liabilities are classified as at FVTPL where the financial asset or liability is either held for trading or it is designated as at FVTPL. A financial asset or liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments which the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative which is not designated as being effective as a hedging instrument.

Financial instruments which are classified as held for trading through profit or loss comprise of derivative instruments.

Derivatives are initially recognised at the contract value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

Shore Capital Management Limited
Notes to the consolidated financial statements
for the year ended 31 December 2018

1 Accounting policies (continued)
Financial assets and liabilities at FVTPL (continued)

A financial asset or liability, other than a financial asset or liability held for trading, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets and liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss within operating profit. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset or financial liability.

The Group's financial assets designated as at FVTPL upon initial recognition include positions in quoted and unquoted securities.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Trade debtors and other receivables

Trade debtors, intercompany receivables and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows.

Trade creditors and other payables

Trade creditors, intercompany payables and other payables are measured at initial recognition at fair value, and are subsequently measured at amortised cost.

Cash at bank and in hand

Cash comprises cash on hand and demand deposits which may be accessed without penalty.

Interest income

Interest income is recognised on an accruals basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets by equal annual instalments over their estimated useful lives at the following annual rates:
Rental asset: 4% per annum.

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1 Accounting policies (continued)

Impairment of assets

Assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Foreign exchange

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at that balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income.

Turnover

Turnover represents the charter income from chartering out the corporate jet. Turnover is attributable to one continuing activity.

Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. These differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements and deferred taxation is provided thereon at the anticipated tax rates.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Shore Capital Management Limited
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2 Turnover

	Group	
	2018	2017
	£	£
Turnover	<u>1,117,372</u>	<u>1,324,840</u>

All turnover is generated in Europe.

3 Loss on ordinary activities before taxation

	Group	
	2018	2017
	£	£
This is stated after charging:		
Depreciation	789,734	477,434
Impairment charge of tangible fixed assets	-	771,605
	<u>789,734</u>	<u>1,249,039</u>

4 Auditor's remuneration

	Group	
	2018	2017
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts.	<u>3,000</u>	<u>3,000</u>

5 Staff costs

	Group	
	2018	2017
	£	£
Wages and salaries	252,712	250,570
Social security costs	22,260	17,989
Other pension costs	8,812	2,442
	<u>283,784</u>	<u>271,001</u>

	Number	Number
Average number of employees during the year	<u>3</u>	<u>3</u>

6 Interest payable and similar charges

	2018	2017
	£	£
Bank loans and overdrafts	214,932	325,397
	<u>214,932</u>	<u>325,397</u>

7 Directors and employees

There are no directors' emoluments as the Directors do not receive any remuneration in respect of their directorship in this company. Directors are remunerated by other group companies in respect of their directorship in and employment by those companies. There is no other key management personnel outside the directors.

8 Tax credit on loss on ordinary activities

	Group	
	2018	2017
UK corporation tax credit	(266,000)	(236,000)
Deferred tax on timing differences	(70,000)	(136,000)
Tax credit for the year	<u>(336,000)</u>	<u>(372,000)</u>

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8 Tax credit on loss on ordinary activities (continued)

The differences between the total tax credit on losses shown above and the amount calculated by applying the standard rate of UK corporation tax are explained as follows:

	2018	2017
	£	£
Loss on ordinary activities before tax	<u>(1,779,846)</u>	<u>(1,987,943)</u>
Standard rate of corporation tax in the UK	19.00%	19.25%
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax	(338,171)	(382,679)
Effects of:		
Income not taxable in determining taxable profit	-	-
Expenses not deductible	2,171	10,679
Tax credit on loss on ordinary activities for the year	<u>(336,000)</u>	<u>(372,000)</u>

Factors that may affect future tax charges

On 1 April 2017, the rate of UK corporation tax was reduced to 19%. The average tax rate on the profit before tax for the Company's UK activities for 2018 was therefore 19.00% (2017: 19.25%). Finance Act 2016 included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. The Company has used 19% to calculate the deferred tax. To the extent that deferred tax reverses at a different rate from that at which it is recognised, this will change the impact on the net deferred tax liability.

9 Deferred tax asset / (liability)

The deferred tax asset relates to capital allowances in excess of depreciation on tangible fixed assets and tax losses brought forward.

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
At 1 January	(205,887)	(380,111)	(41,887)	(177,887)
Charged to profit or loss	70,000	136,000	70,000	136,000
Charged to equity	-	(27,710)	-	-
Foreign currency translation	(24,648)	65,934	-	-
At 31 December	<u>(160,535)</u>	<u>(205,887)</u>	<u>28,113</u>	<u>(41,887)</u>

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10 Tangible fixed assets

	Group
	Rental Asset Total
	£
Cost	
At 1 January 2018	15,108,138
Additions	-
Foreign currency translation	879,730
At 31 December 2018	<u>15,987,868</u>
Depreciation and impairment	
At 1 January 2018	8,975,244
Charge for the year	789,734
Impairment charge for the year	-
Foreign currency translation	557,401
At 31 December 2018	<u>10,322,379</u>
Net book value	
At 31 December 2018	<u>5,665,489</u>
At 31 December 2017	<u>6,132,894</u>

The Group carries out an annual review of the recoverable amount of the asset. The Group estimated the fair value less costs of disposal of the asset as £5,665,000, based on a review of the market values of comparable assets.

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11 Investments

	Company	
	2018	2017
	£	£
At 1 January	-	-
Additions	5,127,965	767,508
Impairments	(3,680,323)	(767,508)
At 31 December	1,447,642	-

The Company holds an 80% interest in The Lily Partnership LLP, a limited liability partnership registered in the UK. It's registered office is Bond Street House, 14 Clifford Street, London, W1S4JU. Its principal business is to charter out a commercial jet.

The Lily Partnership LLP is exempt from audit by virtue of Section 479A of the Companies Act 2006 as the immediate parent undertaking Shore Capital Management Limited (06416837), has provided a guarantee to The Lily Partnership LLP (OC332843) for the financial year ending 2017 in accordance with section 479C of the Companies Act 2006.

12 Debtors: amounts due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts owed by group undertakings	2,726,985	1,979,161	2,466,863	1,978,828
Deferred tax	-	-	28,113	-
Other debtors	336,873	89,736	-	-
Prepayments and accrued income	123,652	143,850	-	-
	3,187,510	2,212,747	2,494,976	1,978,828

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13 Creditors: amounts falling due within one year	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Amounts owed to group undertakings	-	89,351	-	-
Bank loans	4,298,589	9,725,894	-	-
Trade creditors	246,579	206,589	-	-
Derivative financial instruments	-	9,772	-	-
Other creditors	39,146	6,275	-	-
Deferred tax	160,535	205,887	-	41,887
	<u>4,744,849</u>	<u>10,243,768</u>	<u>-</u>	<u>41,887</u>

The Group's amortising loan of \$13,132,875 was fully repaid on 31 March 2018. A new loan of \$5,485,000, carrying an interest rate of 2.25% above USD LIBOR was drawn down on the same date and is repayable on 29 March 2019.

The Derivative financial instrument was carried at fair value, changes in which are recognised in the hedging reserve. The fair value gain recorded in Other comprehensive income during the year was £11,512 (2017: £143,160).

The fair value of the derivative was based on quoted prices. The Group accounted for this interest rate swap derivative as a cash flow hedge. This is to manage the risk related to the interest payments on the bank loan of \$13,132,875 which was fully repaid on 31 March 2018 and had been set to maximise hedge effectiveness. The Partnership settled the difference between the fixed and floating rate on a net basis each quarter. Following the repayment of the loan the interest rate swap position was settled in full. Weighted average interest for the year was 4.33% (2017: 3.10%).

14 Share capital	Group and Company		Group and Company	
	2018 No	2017 No	2018 £	2017 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each	14,406,829	9,056,829	<u>14,406,829</u>	<u>9,056,829</u>

During the year the Company issued 5,350,000 ordinary shares with a nominal value of £5,350,000 (2017: 766,417 ordinary shares with a nominal value of £766,417).

15 Related party transactions

At year end the group is owed the following balances by other group companies:

- £2,726,985 (2017: £1,979,161) of which £2,466, 863 relates to tax on losses group relieved to other group companies.

At year end the group is owed the following balances to other group companies:

- Shore Capital Group plc £90,763 (2017: £89,351 owed to the group)

During the year, the group received income from Puma Brandenburg Limited ("PBL") of £698,000 (2017: £965,000).

16 Parent company

The ultimate parent undertaking and controlling entity is Shore Capital Group Limited, a company incorporated in Guernsey. Shore Capital Group Limited prepares consolidated accounts, which is the largest consolidation which the Company forms part of, this consolidation being the smallest. Copies of its financial statements are available on application from Shore Capital Group plc, Bond Street House, 14 Clifford Street, London, W1S 4JU.

17 Post Balance Sheet events

On 25 June 2019, the Group repaid in full its borrowings of \$5,485,000 (£4,299,000).