

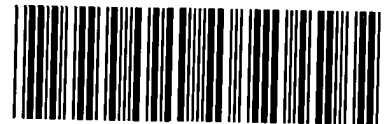
SPF Private Clients Holdings Limited

(Registered Number: 7574553)

**Strategic Report, Report of the Directors and Financial
Statements**

For the year to 31 December 2018

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COMPANIES HOUSE

SPF Private Clients Holdings Limited

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were: _____

Mark Harris
Michael Boles
Alexander King
Nigel Moore
James Rodea
David Yeadon
Clive Rose
James Page
Tarun Sharma

Registered Office

City Place House, 55 Basinghall Street, London, EC2V 5DX

Independent Auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 1 Embankment Place, London WC2N 6RH

Solicitors

Taylor Wessing LLP, 5 New Street Square, London, England, EC4A 3TW

Principal Bankers

Barclays Bank plc, 1 Churchill Place, London E14 5HP

SPF Private Clients Holdings Limited

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SPF Private Clients Holdings Limited

Strategic Report – Year ended 31 December 2018

The directors present their strategic report on the company for the year ended 31 December 2018.

Principal activities

The principal activity of the Company was to act as a holding company. In the prior year the company presented consolidated accounts and now these are presented in SPF Group Holdings Limited.

Review of business

The Company holds investments in SPF Private Clients Limited and SPF Private Clients (Channel Islands) Limited. Historically the Company received dividends from subsidiary companies and paid these out to management shareholders. Following the 100% share acquisition on 1 February 2018 by SPF Group Holdings Limited, it has been decided to take advantage of the exemption to not prepare consolidated accounts and cease dividend payments for the foreseeable future.

Future developments

The Directors expect the Company to continue its position during 2019 and stay in that position for the foreseeable future. Based on the group's cash flow projections, the Directors deem it appropriate to prepare the financial statements on a going concern basis.

Key Performance Indicators (KPIs)

Given the straightforward nature of the business, being a holding company, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principle Risks and Uncertainties

The business relies heavily on its funding from CS Capital Partners V LLP, external senior debt funding and other surplus group companies trading cashflows.

On 23 June 2016, the UK voted to exit the European Union ("EU"). The UK is scheduled to leave the EU on 31 October 2019, however with no exit deal currently reached, it is difficult to determine the financial impact on the Company at this stage. This is not expected to directly impact the Company's ability to trade as a going concern within the 12 months of signing these Annual report and financial statements. However, the Directors will continue to closely monitor the impact of the decision on the market and therefore on the Company.

The risk of financial loss arising from a group company failing to meet their contractual financial obligations to the Company.

Consolidation

Following the 100% share acquisition on 1 February 2018 by SPF Group Holdings Limited, it has been decided to take advantage of the exemption to not prepare consolidated accounts. Consolidated financial statements will be prepared by the new ultimate parent company, SPF Group Holdings Limited.

Registered Office:
City Place House
55 Basinghall Street
London
EC2V 5DX

On Behalf of the Board


Nigel Moore
Director
30 August 2019

SPF Private Clients Holdings Limited

Report of the Directors – Year ended 31 December 2018

The Directors present their report and the audited financial statements for the year ended 31 December 2018. The Company is incorporated and domiciled in the UK and is a private company, limited by shares.

Results and dividends

The loss and total comprehensive expense for the year is £20k (2017: profit of £1,523k). During the year no interim dividend was received from SPF Private Clients Limited (2017: £nil). During the year no final dividend was received from SPF Private Clients Limited (2017: £1,560k). The directors declared and paid dividends of £nil (2017: £1,505k).

Directors

The current Directors of the Company are shown on page 1. There have been no changes during the year.

Financial risk management

The Directors of SPF Private Clients Holdings Limited directly manage the risks of the Company. The Board has implemented an appropriate framework to ensure that it has sufficient visibility of the Companies key risks and the opportunity regularly to review the adequacy and effectiveness of the controls and strategies for managing and mitigating these risks (see note 3).

Insurance cover

The Company purchases insurance to cover its Directors and Officers against their costs in defending themselves in civil legal proceedings taken against them in that capacity and in respect of damages resulting from the unsuccessful defence of any proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

As permitted by company law, qualifying third party indemnity provisions (as defined by Section 234 of the Companies Act 2006) are in force for the benefit of the Directors (and for former Directors who held office during the 2017 financial year) at any time during the financial year and at the date of approval of the report of the Directors.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to accept reappointment. PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with Section 487 of Companies Act 2006.

Strategic Report

Please note that the Company's principal activities, review of the business, future developments, principle risks and uncertainties and KPIs are included within the strategic report on page 3.

Registered Office:
City Place House
55 Basinghall Street
London
EC2V 5DX

On behalf of the Board


Nigel Moore
Director
30 August 2019

SPF Private Clients Holdings Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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 company's auditors are aware of that information.

SPF Private Clients Holdings Limited

Independent auditors' report to the members of SPF Private Clients Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, SPF Private Clients Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

SPF Private Clients Holdings Limited

Independent auditors' report to the members of SPF Private Clients Holdings Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Jordan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 August 2019

SPF Private Clients Holdings Limited

Statement of Comprehensive Income Year to 31 December 2018

		Year to 31 December 2018 £'000 Total	Year to 31 December 2017 £'000 Total
	Note		
Administrative expense		(20)	(37)
Operating loss	4	(20)	(37)
Dividend income received		-	1,560
(Loss) / profit before income tax		(20)	1,523
Income tax expense	6	-	-
(Loss) / profit for the financial year		(20)	1,523

All revenues and profits are from continuing operations for the year presented.

The Notes on pages 12 to 20 form an integral part of the financial statements.

SPF Private Clients Holdings Limited

Statement of Financial Position at 31 December 2018

		31 December 2018 £'000	31 December 2017 £'000
	Note		
Fixed assets			
Investments	8	11,975	2,930
		<u>11,975</u>	<u>2,930</u>
Current assets			
Cash at bank and in hand	9	-	17
		<u>-</u>	<u>17</u>
Creditors: amounts falling due within one year			
Bank loans and overdrafts	10	3	-
		<u>3</u>	<u>-</u>
Net current (liabilities) / assets		(3)	17
Total assets less current liabilities		11,972	2,947
Capital and reserves			
Called up share capital	11	1	1
Share premium	11	191	191
Capital Reserve		9,045	-
Retained earnings		2,735	2,755
Capital and reserves		11,972	2,947

The financial statements on pages 8 to 20 were approved by the board of directors on 30 August 2019 and signed on its behalf by



Nigel Moore

Director

Company Registered Number: 7574553

The Notes on pages 12 to 20 form an integral part of the financial statements.

SPF Private Clients Holdings Limited

Statement of Changes in Equity Year to 31 December 2018

Attributable to owners of the company					
Note	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 01 January 2018	1	191	-	2,755	2,947
Loss for the year	-	-	-	(20)	(20)
Total comprehensive expense for the year	-	-	-	(20)	(20)
Proceeds from share issue	-	-	9,045	-	9,045
Dividend paid	7	-	-	-	-
Balance at 31 December 2018	1	191	9,045	2,735	11,972

Attributable to owners of the company					
	Share Capital £'000	Share Premium £'000	Capital Reserve £'000	Retained Earnings £'000	Total Equity £'000
Balance at 01 January 2017	1	191	-	2,737	2,929
Profit for the year	-	-	-	1,523	1,523
Total comprehensive income for the year	-	-	-	1,523	1,523
Dividend paid	7	-	-	(1,505)	(1,505)
Balance at 31 December 2017	1	191	-	2,755	2,947

The acquisition of the additional 19.99% shareholding in SPF Private Clients Limited from SPF Group Holdings Limited qualifies for merger relief. As the consideration for the hive down is an issue of shares by SPF Private Clients Limited, the Company has taken the decision not to record a profit but instead to transfer the net book value of the assets hived down into the cost of investment in the subsidiary. This recognises that there has been little change in substance and that SPF Private Clients Limited is still owned through a different legal structure.

The difference in value between the one £0.01p share issued and cost of investment of £9,045k has been recognised as a capital reserve.

SPF Private Clients Holdings Limited

Statement of Cash Flows Year ended 31 December 2018

		31 December 2018 £'000	31 December 2017 £'000
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	12	(20)	1,519
Net cash (used in) / generated from operating activities		(20)	1,519
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends paid - owners	7	-	(1,505)
Net cash used in investing activities		-	(1,505)
Net (decrease) / Increase in cash and cash equivalents		(20)	14
Cash and cash equivalents at beginning of year		17	3
Cash and cash equivalents at end of year		(3)	17

The Notes on pages 12 to 20 form an integral part of the financial statements.

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018

1 General information

The Company is a private company limited by shares and incorporated and domiciled in the UK. The address of the registered office is City Place House, 55 Basinghall Street, London, England, EC2V 5DX.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

a) Basis of preparation

The accounts of SPF Private Clients Holdings Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS102') and the Companies Act 2006. The financial statements have been prepared on a going concern basis, under the historical cost convention.

The previous year's financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

b) Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions in its financial statements:

- from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

c) Consolidation

On 1 February 2018, 100% of the company shares were acquired by SPF Group Holdings Limited, a newly incorporated holding company. This transaction included SPF Group Holdings Limited acquiring the 19.99% non-controlling interest Savills Financial Services Limited held in SPF Private Clients Limited.

Simultaneously, Cabot Square Capital LLP acquired 70% of the ordinary share capital in SPF Group Holdings Limited and assumed control. The remaining 30% shareholding in the entity was acquired by the previous owners of SPF Private Clients Holdings Limited.

Following the above transaction the company is no longer required to present consolidated financial statements as its ultimate parent company, SPF Group Holdings Limited, produces consolidated financial statements that are available for public use.

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

2 Accounting policies (continued)

d) Investments

The Company's investments in subsidiaries are held at cost, less any provision for impairment. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

e) Merger relief

The acquisition of the additional 19.99% shareholding in SPF Private Clients Limited from SPF Group Holdings Limited qualifies for merger relief. As the consideration for the hive down is an issue of shares by SPF Private Clients Limited, the Company has taken the decision not to record a profit but instead to transfer the net book value of the assets hived down into the cost of investment in the subsidiary. This recognises that there has been little change in substance and that SPF Private Clients Limited is still owned through a different legal structure.

f) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks, together with other short term highly liquid investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

g) Bank loans and overdrafts

Bank loans and short term overdrafts include cash in hand and deposits held on call with banks, together with other short term highly liquid investments with original maturities of three months or less and working capital overdrafts, which are subject to an insignificant risk of changes in value.

h) Taxation

Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

2 Accounting policies (continued)

i) Dividends

Dividends are recognised as distributions in the period in which they are approved.

j) Dividend Income

Dividend income is recognised when the right to receive payment is established.

k) Impairment of subsidiary investments

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

If there is objective evidence that an impairment loss on a financial asset has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the original effective interest rate of the instrument at initial recognition. Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

l) Critical accounting estimates and management judgements

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with United Kingdom Accounting Standards, including Financial Reporting Standards 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006 requires management to make estimates and assumptions that affect the application of policies and reported amounts.

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience.

No material critical accounting estimates or assumptions have been used in the preparation of these financial statements.

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

3 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects of these risks on the financial performance of the Company.

Credit risk

The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to clients, including outstanding receivables and committed transactions. All cash is held with Barclays Bank plc (A stable rated bank by S & P).

Liquidity risk

The risk that the Company is unable to meet its contractual financial obligations as they fall due and or unable to fund future growth opportunities or is able to do so only at significantly higher funding costs. The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient head-room. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

4 Operating loss

Operating loss is stated after charging:

Fees payable to the Company's auditors, PricewaterhouseCoopers LLP:

	Year to 31 December 2018 £'000	Year to 31 December 2017 £'000
Fees payable to the Company's auditors, PricewaterhouseCoopers LLP:		
Fees payable to Company's auditors for the audit of the Company	10	8

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

5 Staff and directors

None of the directors of SPF Private Clients Holdings Limited were remunerated by the Company for their services as directors in the current year. All costs of employing those directors, who are employees of SPF Private Clients Limited, are met by SPF Private Clients Limited, in whose financial statements all such costs have been recognised. The amount of remuneration paid to the directors cannot be apportioned accurately for their services to SPF Private Clients Holdings Limited, and would be immaterial to disclose.

6 Income tax expense

In the 2017 UK Spring Budget, it was announced that the corporation tax rate would fall to 19% from April 6th 2017 which has been substantially enacted and continually fall to 17% from April 2020.

Analysis of tax charge for the year:

	Year to 31 December 2018 £'000	Year to 31 December 2017 £'000
Current tax		
United Kingdom Corporation tax at 19.00% (2017 : 19.25%)	(4)	293
Expenses not deductible for tax purposes	4	(293)
Total current tax charge	-	-
Income tax on profit from continuing activities	-	-
The tax for the year is lower (2017: lower) than the standard rate of corporation tax in the UK 19.0% from 01 April 2017. The differences are explained below:		
(Loss) / profit on continuing activities before tax	(20)	1,523
(Loss) / profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2017 : 19.25%)	(4)	293
Effects of:		
Expenses not deductible for tax purposes	4	7
Dividends receivable	-	(300)
Income tax expense on profit on continuing activities	-	-
The effective tax rate for the year is:	0.00%	0.00%

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

7 Dividends

	Year to 31 December 2018 £'000	Year to 31 December 2017 £'000
Amounts recognised as distribution in the year:		
Final dividend to owners paid nil per share (2017 : 1400p per share)	-	1,505
	-	1,505

8 Investment in subsidiary

	Shares in Subsidiary Undertakings £'000
Cost and net book value At 01 January 2018	2,930
Additions in year	9,045
At 31 December 2018	11,975
Cost and net book value At 01 January 2017	2,930
At 31 December 2017	2,930

Investment in subsidiary undertakings are recorded at cost less any provision for impairment, which is the fair value of the consideration paid. The Directors are comfortable that the value of the investment is supported by its underlying value.

The subsidiaries of the Company are shown below together with details of their main activities.

Subsidiary undertakings	Percent Ownership	Main activities
SPF Private Clients Limited - 55 Basinghall Street, London UK.	100.00%	Provision of general insurance, mortgage broking and personal financial planning services (regulated by FCA)
SPF Private Clients (Channel Islands) Limited (registered in Guernsey) - The Financial Suite, The Maze, Berthelot Street, St Peter Port, Guernsey	100.00%	Provision of general insurance, mortgage broking and personal financial planning services (regulated by GFSC)

For these acquisitions, there was no difference between the fair value and carrying value of net assets acquired, except for intangible assets. The acquisitions are accounted for using the acquisitions method. The Group acquires businesses intended for use on a continuing basis.

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

8 Investment in subsidiary (continued)

On 1 February 2018, 100% of the company shares were acquired by SPF Group Holdings Limited, a newly incorporated holding company. This transaction included SPF Group Holdings Limited acquiring the 19.99% non-controlling interest Savills Financial Services Limited held in SPF Private Clients Limited by issuing 1 share. In return for this share SPF Private Clients Holdings Limited received an equal investment in SPF Group Holdings Limited. This treatment was used due to the fact that the investment in SPF Private Clients Limited was still being controlled indirectly and so able to be recovered and not deemed as a loss on disposal.

Simultaneously, CS Capital Partners V LLP acquired 70% of the ordinary share capital in SPF Group Holdings Limited and assumed control. The remaining 30% shareholding in the entity was acquired by the previous owners of SPF Private Clients Holdings Limited.

9 Cash and cash equivalents

	31 December 2018 £'000	31 December 2017 £'000
Cash and cash equivalents	-	17
	-	17

The cash and cash equivalents are held on overnight or term deposit with Barclays Bank plc. The effective interest rates on these arrangements are 0.05% (2017: are 0.05%).
All cash and cash equivalents are denominated in sterling.

10 Bank loans and overdrafts

	31 December 2018 £'000	31 December 2017 £'000
Bank loans and overdrafts	3	-
	3	-

The cash and cash equivalents are held on overnight or term deposit with Barclays Bank plc. The effective interest rates on these arrangements are 0.05% (2017: are 0.05%).
All cash and cash equivalents are denominated in sterling.

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

11 Share capital, share premium and other reserves

	Number of shares	Share Capital £'000	Share Premium £'000	Total £'000
Ordinary shares of 1p each:				
Allotted, called up & fully paid				
As at 01 January 2018	107,527	1	191	192
Issued in year	1	-	-	-
As at 31 December 2018	107,528	1	191	192

Following the 100% share acquisition on 1 February 2018 by SPF Group Holdings Limited which was funded with a contribution from CS Capital partners V LLP which is external to the group and hence created a Capital Reserve. The share was issued following the transfer of the shares owned in SPF Private Clients Limited owned by Savills Group Finance plc to SPF Group Finance Limited.

12 Cash generated from operations

	31 December 2018 £'000	31 December 2017 £'000
Loss before taxation	(20)	1,523
Adjustments for:		
Operating cash flows before movements in working capital	(20)	1,523
Increase / (decrease) in payables	-	(4)
Cash generated from operations	(20)	1,519

13 Parent undertaking

The Company's ultimate parent Company and ultimate controlling party is CS Capital Partners V LLP, a partnership registered in the United Kingdom. The parent undertaking of the smallest and largest group, which includes the Company and for which group financial statements are prepared, is SPF Group Holdings Limited, a company incorporated in the United Kingdom at 55 Basinghall Street, London, EC2V 5DX. Copies of the group financial statements of SPF Group Holdings Limited are available from 55 Basinghall Street, London, EC2V 5DX. The Company's immediate controlling party is SPF Group Finance Limited.

14 Transition to FRS 102

There was no adjustment to the company's balance sheet at 31 December 2017 or 31 December 2018 on transition to FRS 102.

SPF Private Clients Holdings Limited

Notes to the Financial Statements – Year to 31 December 2018 (continued)

15 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.