

Registered number: 08474039

BNF CAPITAL LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018



BNF CAPITAL LIMITED

COMPANY INFORMATION

Directors	J M Runacher N J Fallows S T Benson
Registered number	08474039
Registered office	8 Hanover Square London England W1S 1HQ
Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

BNF CAPITAL LIMITED

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BNF CAPITAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

BNF Capital Limited is an investment advisory and administration services company. The primary objective of the Company is to increase shareholders' wealth through the provision of investment advice to a group of high net worth individuals.

Business review

The revenue of the Company is derived from a 7.5% mark-up on costs which ensures operating margin will always be maintained. Non-operating costs will impact the gross profit margin of the Company as described below.

The Statement of Financial Position on page 10 of the financial statements shows that the Company's overall financial position at the end of the year has improved, with net assets increasing from £1,250,393 at 31 December 2017 to £1,694,995 at 31 December 2018.

No dividend was paid in 2018 (2017 - £Nil).

Key performance indicators

With revenue being derived from a mark-up on cost basis, debtor days are considered one of the key performance indicators of the Company. Debtor days decreased from 248 in 2017 to 185 in 2018. There is more concern over recoverability of debts than changes in revenue. This can be impacted by the billing code as well as delays in payment, however, only significant differences would raise concern.

Principal risks and uncertainties

Operational risk

This is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Examples of significant operational incidents that could arise are fraud, technology failures, fund valuation errors or misadvice relating to investment products.

The Company monitors the potential impact that operational risks present on an ongoing basis. This is achieved through implementing and testing controls, providing appropriate training to employees and maintaining up to date technology with professional technical support.

Business and Strategic risk

This is defined as any risk to the Company arising from changes in its business, including the risk that it may not be able to carry out its business plan and desired strategy. Business risk is the risk to a firm that it suffers a loss because of claims from dissatisfied clients. In a broader sense, it is exposure to a wide range of macroeconomic, geopolitical, industry, regulatory and other external risks that might deflect a firm from its desired strategy and business plan.

The main risk that the Company faces is the loss of key clients, and as such the ability to generate fees. This possibility is considered to be extremely remote.

The Company monitors the possible impact of business and strategic risk through regular communication and feedback with its clients.

Reputational risk

This is defined as the risk of damage to the firm's reputation that could lead to negative publicity, costly litigation, a decline in the customer base or the exit of key employees and directly or indirectly to a loss in the faith of customers to the business.

The Company monitors the potential reputational impact of all risk categories and takes appropriate action to

BNF CAPITAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

prevent and manage the kinds of events which may give rise to reputational damage. This is achieved through putting in place frameworks and controls around both the performance of investments over which advice has been given and monitoring the effectiveness thereof.

Brexit risk

Despite the Article 50 Notice being served, there remains significant uncertainty around the likely terms of the post-Brexit arrangements between the UK and the EU, as well as possible transitional agreements. However, the directors do not consider the risk presented by Article 50 to be significant in the context of the Company.

Operational risk

The Company does not have a formal lease in place for the building in which it operates. It could therefore be asked to leave at any time. The likelihood of this happening is considered extremely remote.

Credit risk

Credit is defined as the risk that a counterparty will fail to pay its debts. This has never been an issue for the Company and is not considered to be a significant risk.

Capital risk management is considered in note 15.

Future developments

The Company will continue to advise the group of high net worth individuals for the foreseeable future.

This report was approved by the board on 18 April 2019 and signed on its behalf by:



N J Fallows
Director

BNF CAPITAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is to provide investment advisory and administration services to various entities.

Results and dividends

The profit for the year, after taxation, amounted to £444,602 (2017 - £378,506).

No dividend has been proposed the year ended 31 December 2018 (2017 - £Nil).

Directors

The directors who served during the year and up to the date of signing were:

J M Runacher
N J Fallows
S T Benson

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Going concern

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

Future developments

The future developments of the Company have been outlined in the Strategic report.

Post reporting date events

There are no significant subsequent events that have occurred after 31 December 2018.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

BNF CAPITAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

This report was approved by the board on 18 April 2019 and signed on its behalf by:



N J Fallows
Director

BNF CAPITAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BNF CAPITAL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BNF Capital Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows;
- the statement of accounting policies; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where: -

- the directors' use of the going concern basis of accounting in 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 at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BNF CAPITAL LIMITED

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 respect of these matters.

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 FRC's website at: . This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 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.

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 any material misstatements in [the strategic report or] the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.


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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BNF CAPITAL LIMITED

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jessica Hodges (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
18 April 2018
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BNF CAPITAL LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Revenue	6	7,468,231	7,148,238
Gross profit		<u>7,468,231</u>	<u>7,148,238</u>
Administrative expenses		(5,748,924)	(3,818,451)
Other expenses		(1,168,985)	(2,860,388)
Profit from operations		<u>550,322</u>	<u>469,399</u>
Profit before tax		<u>550,322</u>	<u>469,399</u>
Tax expense	11	(105,720)	(90,893)
Profit for the year		<u>444,602</u>	<u>378,506</u>
Total comprehensive income		<u><u>444,602</u></u>	<u><u>378,506</u></u>

There was no other comprehensive income during the year (2017: £Nil).

All results are from continuing operations.

The notes on pages 13 to 22 form an integral part of the financial statements.

BNF CAPITAL LIMITED
REGISTERED NUMBER: 08474039

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Assets			
Current assets			
Trade and other receivables	12	3,938,139	5,487,535
Cash and cash equivalents		1,572,629	1,077,256
		<u>5,510,768</u>	<u>6,564,791</u>
Total assets		<u>5,510,768</u>	<u>6,564,791</u>
Liabilities			
Current liabilities			
Trade and other liabilities		3,815,773	5,314,398
Total liabilities		<u>3,815,773</u>	<u>5,314,398</u>
Net assets		<u>1,694,995</u>	<u>1,250,393</u>
Issued capital and reserves			
Share capital	16	69,003	69,003
Retained earnings		1,625,992	1,181,390
TOTAL EQUITY		<u>1,694,995</u>	<u>1,250,393</u>

The financial statements on pages 10 to 22 were approved and authorised for issue by the board of directors on 18 April 2019 and were signed on its behalf by:


N J Fallows
 Director

BNF CAPITAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2017	69,003	802,884	871,887
Profit for the year	-	378,506	378,506
Total comprehensive income for the year	-	378,506	378,506
At 31 December 2017	69,003	1,181,390	1,250,393
At 1 January 2018	69,003	1,181,390	1,250,393
Profit for the year	-	444,602	444,602
Total comprehensive income for the year	-	444,602	444,602
At 31 December 2018	69,003	1,625,992	1,694,995

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

BNF CAPITAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the year	444,602	378,506
	<u>444,602</u>	<u>378,506</u>
Adjustments for		
Other gains and losses	29,282	7,308
Income tax expense recognised in profit or loss	105,720	90,893
	<u>579,604</u>	<u>476,707</u>
Movements in working capital:		
Decrease/(increase) in trade and other receivables	1,549,399	(3,579,659)
(Decrease)/increase in trade and other payables	(1,513,455)	3,449,032
	<u>615,548</u>	<u>346,080</u>
Cash generated from operations		
Income taxes paid	(90,893)	(55,811)
	<u>524,655</u>	<u>290,269</u>
Net cash from operating activities		
	<u>524,655</u>	<u>290,269</u>
Net cash increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of year	1,077,256	794,295
Exchange (loss) on cash and cash equivalents	(29,282)	(7,308)
	<u>1,572,629</u>	<u>1,077,256</u>
Cash and cash equivalents at the end of the year		

The notes on pages 13 to 22 form an integral part of these financial statements.

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). They were authorised for issue by the Company's board of directors on 18 April 2019.

Details of the Company's accounting policies, including changes during the year, are included in note 2.

New standards, interpretations and amendments effective from 1 January 2018

IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 9	Financial Instruments
IFRS 10 and IAS 28	Sale or Contribution of Assets between an investor and its Associate
IFRS 15	Revenue from Contracts with Customers (and related Clarifications)
IFRS 2 (amendments)	Classification and Measurement of Share-Based Payment Transactions
IAS 40 (amendments)	Transfer of Investment Property
IFRIC 22	Foreign Currency Transactions and Advanced Consideration.

None of the forementioned standards have a material impact on the financial statements. IFRS 9 and IFRS 15 have been implemented during the year but there is no material difference as there are only simple financial instruments within the Company.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

IFRS 3 (amendments) (Jan 2020)	Business Combinations
IFRS 16	Leases
IFRS 17 (Jan 2021)	Insurance Contracts
IFRIC 23	Uncertainty over Income Tax Treatments

The directors do not expect that the adoption of the other Standard's or Interpretations listed above, which are all effective from January 2019 (unless stated), will have a material impact on the financial statements of the Company in future periods.

2. Accounting policies

2.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised in the period in which services are rendered in line with service agreements with clients. Revenue is only recognised where BNF Capital Limited have a contractual right to receive consideration for work undertaken, the amount can be reliably measured and it is probable that future economic benefits will flow. The revenue of the Company is derived from a 7.5% mark-up on costs.

BNF CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.2 Administrative expenses

Administrative expenses consists of expenditure relating to staff costs and operating expenses. These are recorded on an accruals basis in the period which the goods or services are used or received.

2.3 Employee benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.4 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on transaction are included in the income statement for the period.

2.5 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

BNF CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.6 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash at hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Loans and receivables

Trade and other receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts, which approximates to their fair value.

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial liabilities

Other financial liabilities

Trade payables principally comprise amounts outstanding for trade purchase and ongoing costs. The carrying amounts of trade payables, which is their nominal value, approximates to their fair value.

3. Reporting entity and controlling party

BNF Capital Limited (the 'Company') is a standalone private company limited by shares incorporated in England and Wales in the United Kingdom under the Companies Act 2006. The Company's registered office is at 8 Hanover Square, London, W1S 1HQ. The Company's principal activity is set out in the Directors' Report. There is no ultimate controlling party.

4. Functional currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

BNF CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

5. Accounting estimates and judgements

In the application of the Company's accounting policies which are described in note 2, the directors are required to make judgements, estimates or assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to these estimates are recognised prospectively.

In the eyes of the directors there are no material accounting estimates or judgements that have been applied in the year (2017: none).

6. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2018 £	2017 £
Advisory income	7,468,231	7,148,238
	<u>7,468,231</u>	<u>7,148,238</u>

7. Auditor's remuneration

	2018 £	2017 £
Fees payable by the Company to Deloitte LLP for the statutory audit of the Company's annual report and financial statements	15,500	15,000
Fees payable by the Company to Deloitte LLP for the FCA client assets audit	6,400	6,200
Fees payable by the Company to Deloitte LLP for the non-statutory audits of the companies to which the Company provides investment advisory and administration services	355,500	322,375
Total audit fees	<u>377,400</u>	<u>343,575</u>
 Tax services	 306,400	 123,100
Total non-audit fees	<u>306,400</u>	<u>123,100</u>

BNF CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Employee benefit expenses

	2018 £	2017 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	3,445,935	2,118,289
National insurance	479,992	278,872
Defined contribution pension cost	28,530	13,897
	<u>3,954,457</u>	<u>2,411,058</u>
	2018 Average number	2017 Average number
Staff numbers		
Director	3	1
Administrative staff	7	6
	<u>10</u>	<u>7</u>

9. Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	2,498,106	3,346,920
Company pension contributions to defined contribution schemes	9,642	4,070
	<u>2,507,748</u>	<u>3,350,990</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017: 1).

Remuneration disclosed above include the following amounts for the highest paid Director:

Remuneration for qualifying services	1,406,214	2,498,106
Pension	4,842	9,642
	<u>1,411,056</u>	<u>2,507,748</u>

BNF CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Retirement benefit schemes

The total costs charged to income in respect of defined contribution plans is £28,530 (2017: £13,897.)

11. Tax expense**Income tax recognised in profit or loss**

	2018 £	2017 £
Current tax		
Current tax on profits for the year	105,720	90,893
	<u>105,720</u>	<u>90,893</u>
Total tax expense		
Tax expense	105,720	90,893
	<u>105,720</u>	<u>90,893</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2018 £	2017 £
Profit for the year	444,602	378,506
Income tax expense	105,720	90,893
	<u>550,322</u>	<u>469,399</u>
Profit before income taxes		
Tax using the Company's domestic tax rate of 19% (2017: 19.25%)	104,561	90,359
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	1,159	534
	<u>105,720</u>	<u>90,893</u>
Total tax expense		

During the year, the UK corporate tax rate remained at 19.00% (2017: the tax rate fell from 20.00% to 19.00% resulting in an average tax rate of 19.25%).

As of 1 April 2019 it was substantially enacted that the UK corporate tax rate will decrease to 17% from 1 April 2020.

BNF CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Trade and other receivables

	2018 £	2017 £
Current		
Trade receivables	3,679,730	3,222,943
Prepayments and accrued income	104,361	1,628,706
Other receivables	154,048	635,886
	<u>3,938,139</u>	<u>5,487,535</u>

Trade and other receivables are interest free and are repayable on demand.

13. Trade and other payables

	2018 £	2017 £
Current		
Trade payables	1,557,381	4,883,602
Other payables	7,508	2,697
Accruals	1,208,586	337,206
Tax and social security payments	706,297	90,893
Deferred income	335,991	-
	<u>3,815,763</u>	<u>5,314,398</u>

Trade and other payables are interest free and are repayable on demand.

BNF CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Financial instruments

The carrying amounts of financial assets presented in the statement of financial position relate to the following measurement categories as defined in IFRS 9:

	2018 £	2017 £
Financial assets		
Trade and other receivables	3,833,778	3,275,367
Cash and cash equivalents	1,572,629	1,077,256
	<u>5,406,407</u>	<u>4,352,623</u>

Trade and other receivables are interest free and repayable on demand.

The carrying amounts of financial liabilities presented in the statement of financial position relate to the following measurement categories as defined in IFRS 9:

	2018 £	2017 £
Financial liabilities		
Trade and other payables	1,564,889	4,886,299
	<u>1,564,889</u>	<u>4,886,299</u>

Trade and other payables are interest free and repayable on demand.

15. Financial risk management**Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Company consists of equity of the Company (comprising issued capital and retained earnings).

Under the requirements of the Financial Conduct Authority the Company is required to hold a minimum capital balance of €50,000.

No sensitivity to market movements or interest rates has been performed as the majority of expenses are in GBP; expenses in foreign currencies, including expenses included within creditors at year end are considered immaterial.

More details of risk management are detailed in the Strategic report.

BNF CAPITAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Share capital

Authorised

	2018 Number	2018 £	2017 Number	2017 £
Ordinary share capital				
Class A (Voting) shares of £1 each shares of £1.00 each	1,000	1,000	1,000	1,000
Class B (Income) shares of £1 each shares of £1.00 each	69,000	69,000	69,000	69,000
	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>

Issued and fully paid

	2018 Number	2018 £	2017 Number	2017 £
Class B (Income) shares of £1 each shares of £1.00 each				
At 1 January and 31 December	<u>69,000</u>	<u>69,000</u>	<u>69,000</u>	<u>69,000</u>

Issued and partly paid

	2018 Number	2018 £	2017 Number	2017 £
Class A (Voting) shares of £1 each shares of £1.00 each				
At 1 January and 31 December	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

Class A (Voting) shares have the right to vote but are not entitled to receive income. Class B (Income) shares have the right to receive income but are not entitled to vote.

17. Events after the reporting period

There are no significant subsequent events that have occurred after 31 December 2018.