

**Bfinance Group Holdings Limited**  
Annual Report and Financial Statements  
For the 18 month period ended 31 March 2019  
Registered Number 09846804

MONDAY



\*L8KWJPU3\*

LD8

23/12/2019

#90

COMPANIES HOUSE

**Bfinance Group Holdings Limited**  
**Annual Report and Financial Statements**  
**For the 18 month period ended 31 March 2019**

---

<b>Contents</b>	<b>Page</b>
Strategic Report	2
Directors' Report	4
Directors' Responsibility Statement	6
Independent Auditor's Report	7
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14
Company Statement of Financial Position	44
Company Statement of Changes in Equity	45
Notes to the Company Financial Statements	46

**Bfinance Group Holdings Limited**  
**Strategic Report**  
**For the 18 month period ended 31 March 2019**

---

The Directors present their strategic report on the Company (registered number: 09846804) and its subsidiaries (the "Group") together with the audited consolidated financial statements for the 18 month period ended 31 March 2019.

**Principal activities**

The principal activity of the Company is that of a holding company. The principal activity of the Group is the provision of fund manager search and selection services to institutional investors.

**Business review and future developments**

The Group's overriding strategy is to achieve attractive and sustainable rates of growth and return through organic growth. Two key elements of this strategy are:

- To continue to exceed client expectations by continuous improvements to our research capabilities.
- Continue market penetration through hiring and expansion into new markets.

The prospects for growth are solid, driven by growth in institutional investor assets worldwide, the increasing need for independent advice and the push by government bodies and corporations for stronger governance.

During the period under review the Group continued to develop and evolve its technology base, breadth of its services and develop new markets.

Revenue and profit are the main performance indicators of the Group. On an annualised basis revenue for the period is up 3% compared to the previous year and adjusted EBITDA is up 7%. Within operating expenses staff costs are a major component of the overall cost base.

**Principal Risks and Uncertainties**

The Group faces a number of risks and uncertainties, and these include changes in the current economic environment and outlook that may adversely affect trading. The Directors are responsible for evaluating and monitoring these risks and uncertainties and mitigating these where it is appropriate and possible to do so.

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

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

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

### **Financial risk management**

The Group's operations expose it to a variety of financial risks. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The policies set by the board of directors are implemented by the Group's finance department.

The Group does not use derivative financial instruments to manage interest rate risk. The Group seeks to limit the adverse effects by monitoring levels of debt finance and the related finance costs.

Liquidity risk is managed at Group level and the Group currently has long-term debt finance to ensure that it has sufficient available funds for operations and planned expansion. At the balance sheet date, the Directors are of the opinion that the cash position of the Group is sufficient to cover medium-term obligations of the Group and the Company although acknowledge that the Group is not immune to the risks of a severe financial downturn.

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

By Order of the Board



**David Vafai**  
Director

Date: 19 December 2019

**Bfinance Group Holdings Limited**  
**Directors' Report**  
**For the 18 month period ended 31 March 2019**

---

The Directors present their report together with the audited consolidated financial statements of the Company (Company No: 09846804) and Group for the 18 month period ended 31 March 2019.

**General information**

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

**Directors**

The Directors of the Company during the period and to the date of signing these financial statements, unless where stated, were:

David Vafai	
Mark Brownlie	Resigned 14 September 2018
Timothy Trotter	
Andrew Ferguson	
Pal Sarai	Resigned 7 November 2019
Raj Nagevadia	Appointed 4 October 2018

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

**Dividends**

The Directors have not declared a dividend for the period (2017: Nil).

**Political donations**

No political donations or expenditure of the type requiring disclosure under s.366 and s.367 of the Companies Act 2006 were made in the 18 month period ended 31 March 2019 (2017: Nil) nor are any contemplated.

**Going concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operation for the next twelve months based on the amounts of accrued revenue and its assets at that date together with the Group's trading forecasts and projections which show that the Group has sufficient assets that are expected to generate cashflow in the normal course of business. Accordingly, the Group continues to adopt the going concern basis in preparing its financial statements

**Post Balance Sheet events**

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

**Future developments**

The business looks to continue to expand its customer offerings both in terms of service and geographic footprint. Since the end of the financial reporting period the business has already employed additional headcount in new markets and is actively looking at geographical expansion.

**Bfinance Group Holdings Limited**  
**Directors' Report (continued)**  
**For the 18 month period ended 31 March 2019**

---

**Employees**

Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status. Applications for employment by disabled persons are always fully considered. In the event of employees becoming disabled every effort is made, including appropriate training, to ensure that their employment with the Group continues. It is the policy of the Group that the training, career development and promotion of a disabled person should be, as far as possible, identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues through briefing groups.

**Change of Statutory Auditor**

During the period the Company changed auditor from KPMG LLP to BDO LLP.


**Independent Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and BDO LLP will therefore continue in office.

**Disclosure of Information to Auditors**

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

By order of the Board



**David Vafai**  
Director

Date: 1<sup>st</sup> December 2019

**Bfinance Group Holdings Limited**  
**Directors' Responsibility Statement**  
**For the 18 month period ended 31 March 2019**

---

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial period. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent 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 Group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 Group and to prevent and detect fraud and other irregularities.

**Bfinance Group Holdings Limited**  
**Independent Auditor's Report**  
**For the 18 month period ended 31 March 2019**

---

**Opinion**

We have audited the financial statements of Bfinance Group Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the 18 month period ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash flows, Company Statement of Financial Position, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 - Reduced Disclosure Framework ('FRS 101') - 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 March 2019 and of the Group's loss for the 18 month period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements of the Group and the Parent Company have been properly 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.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent 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.

**Bfinance Group Holdings Limited**  
**Independent Auditor's Report (continued)**  
**For the 18 month period ended 31 March 2019**

---

**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 period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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 Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

**Bfinance Group Holdings Limited**  
**Independent Auditor's Report (continued)**  
**For the 18 month period ended 31 March 2019**

---

**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.



**Matthew Hopkins (Senior Statutory Auditor)**  
**For and on behalf of BDO LLP, Statutory Auditor**  
London

Date: 20 December 2019

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

**Bfinance Group Holdings Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the 18 month period ended 31 March 2019**

		<b>18 Month Period Ended 31 March 2019</b>	<b>Year Ended 30 September 2017 (Restated)</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Revenue</b>	<b>2</b>	<b>20,629,889</b>	<b>13,365,869</b>
Administrative expenses		(19,979,084)	(12,558,482)
<b>Group operating profit</b>	<b>3</b>	<b>650,805</b>	<b>807,387</b>
<b>Adjusted EBITDA</b>			
Group operating profit (as above)		650,805	807,387
<u>Add back:</u>			
Depreciation		602,898	391,638
Amortisation		1,940,608	1,168,968
Foreign exchange		102,379	455,464
Acquisition expenses		424,622	-
Other one-off costs including restructuring costs		(653,492)	37,102
		<u>3,067,820</u>	<u>2,860,559</u>
Other income	5	-	6,250
Finance costs	5	(4,387,516)	(2,742,591)
<b>Loss before taxation</b>		<b>(3,736,711)</b>	<b>(1,928,954)</b>
Taxation	6	18,347	(264,357)
<b>Loss for the period</b>		<b>(3,718,364)</b>	<b>(2,193,311)</b>
<b>Other comprehensive income / (loss)</b>			
Foreign currency translation differences – foreign operations		31,462	(102,696)
<b>Total comprehensive loss for the period</b>		<b>(3,686,902)</b>	<b>(2,296,007)</b>

*Note: Adjusted EBITDA, which is defined as profit before finance costs, tax, depreciation, amortisation and exceptional items, is a non-GAAP metric used by management and is not an IFRS disclosure.*

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

**Bfinance Group Holdings Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 March 2019**

		2019	2017 (Restated)
	Note	£	£
<b>Non-current assets</b>			
Property, plant and equipment	8	1,784,360	2,507,943
Goodwill and intangible assets	7	18,337,081	19,765,822
		<b>20,121,441</b>	<b>22,273,765</b>
<b>Current assets</b>			
Trade and other receivables	10	9,245,354	9,424,020
Cash and cash equivalents	11	2,029,661	1,065,487
		<b>11,275,015</b>	<b>10,489,507</b>
<b>Total assets</b>		<b>31,396,456</b>	<b>32,763,272</b>
<b>Current liabilities</b>			
Trade and other payables	12	(4,503,280)	(3,684,529)
Interest bearing loans and borrowings	13	(5,278,350)	(424,841)
Lease liabilities	19	(455,245)	(341,434)
		<b>(10,236,875)</b>	<b>(4,450,804)</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	13	(8,885,287)	(11,633,796)
Lease liabilities	19	(1,548,529)	(1,986,071)
Deferred tax liability	15	(801,322)	(1,081,253)
Redeemable preference shares	13	(18,007,750)	(18,007,750)
		<b>(29,242,888)</b>	<b>(32,708,870)</b>
<b>Net liabilities</b>		<b>(8,083,307)</b>	<b>(4,396,402)</b>
<b>Equity</b>			
Share capital	18	1,416	1,416
Share premium	18	84,941	84,941
Retained earnings		(8,241,561)	(4,523,197)
Translation reserve		71,897	40,438
<b>Total equity</b>		<b>(8,083,307)</b>	<b>(4,396,402)</b>

The notes on pages 14 to 43 are an integral part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 19 December 2019 and were signed on its behalf by:

David Vafai  
Director

**Bfinance Group Holdings Limited**  
**Consolidated Statement of Changes in Equity**  
**As at 31 March 2019**

	Share capital £	Share premium £	Retained earnings £	Translation Reserve £	Total £
<b>As at 30 September 2016 (Restated)</b>	1,416	84,941	(2,329,886)	143,134	(2,100,395)
<b>Total comprehensive income</b>					
Loss for the period (Restated)	-	-	(2,193,311)	-	(2,193,311)
<b>Other comprehensive income</b>					
Losses on foreign currency translation	-	-	-	(102,696)	(102,696)
<b>As at 30 September 2017</b>	<b>1,416</b>	<b>84,941</b>	<b>(4,523,197)</b>	<b>40,438</b>	<b>(4,396,402)</b>
<b>Total comprehensive income</b>					
Loss for the period	-	-	(3,718,364)	-	(3,718,364)
<b>Other comprehensive income</b>					
Losses on foreign currency translation	-	-	-	31,462	31,463
<b>As at 31 March 2019</b>	<b>1,416</b>	<b>84,941</b>	<b>(8,241,561)</b>	<b>71,897</b>	<b>(8,083,307)</b>

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

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	Nominal value of share capital subscribed for.
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Retained earnings and accumulated losses, less amounts distributed to shareholders.
Translation reserve	Currency translation reserve arising on translation of the assets and liabilities of foreign operations into the Group's presentational currency.

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

**Bfinance Group Holdings Limited**  
**Consolidated Statement of Cash Flows**  
**For the 18 month period ended 31 March 2019**

	<b>18 Month Period Ended 31 March 2019 £</b>	<b>Year Ended 30 September 2017 (Restated) £</b>
<b>Cash flows from operating activities</b>		
Loss for the period	(3,718,364)	(2,193,311)
Adjustments for:		
Depreciation and amortisation	2,543,506	1,560,606
Fair value adjustments	(665,837)	-
Foreign exchange	(150,313)	332,569
Corporation tax	(18,347)	264,357
Finance expense	4,387,516	2,742,591
	<b>2,378,161</b>	<b>2,706,812</b>
<b>Working capital adjustments</b>		
Increase in trade and other receivables	285,091	(2,265,771)
Increase in trade and other payables	667,496	819,290
	<b>3,330,748</b>	<b>1,260,331</b>
Tax paid	(112,096)	(339,081)
<b>Net cash flows from operating activities</b>	<b>3,218,652</b>	<b>921,250</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(57,414)	(420,376)
Intangible asset development costs	(333,834)	-
<b>Net cash outflow from investing activities</b>	<b>(391,248)</b>	<b>(420,376)</b>
<b>Cash flows from financing activities</b>		
Lease payments	(569,056)	-
Deferred consideration paid	(422,538)	(712,402)
Interest paid	(871,636)	(597,557)
<b>Net cash outflow from financing activities</b>	<b>(1,863,230)</b>	<b>(1,309,959)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>964,174</b>	<b>(809,085)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,065,487</b>	<b>1,874,572</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,029,661</b>	<b>1,065,487</b>

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements**  
**For the 18 month period ended 31 March 2019**

---

**1 Accounting policies**

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs"). The Company has elected to prepare its financial statements in accordance with FRS 101; these are presented on pages 44 to 52.

The Group has adopted the following standards earlier than their respective mandatory effective dates:

- IFRS 9 Financial Instruments - effective for accounting periods commencing on or after 1 January 2018. This replaces IAS 39 Financial Instruments – Recognition and Measurement. The application of this standard has not changed the Group's financial instruments recognition policy.
- IFRS 15 Revenue from contracts with customers – effective for accounting periods commencing on or after 1 January 2018. This replaces IAS18 Revenue on which the previous revenue recognition accounting policy was based. The application of this standard has not changed the Group's revenue recognition policy.
- IFRS 16 Leases – effective for accounting periods commencing on or after 1 January 2019. The Group has adopted this standard on a fully retrospective basis and the impact on the results is shown in Note 19.
- IFRIC 23 Uncertainty over Income Tax Positions - effective for financial years commencing on or after 1 January 2019. This clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments. The application of this standard has not had any impact as there is no uncertainty over income tax treatments for the Group.

The consolidated financial statements are presented in GBP sterling, which is also the Group's functional currency.

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

**1.1 Company Statement of Comprehensive Income**

As permitted by section 408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss for the financial period before taxes was £3,630,224 (2017: £2,800,602) and its other comprehensive income was £nil (2017: £nil).

**1.2 Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available-for-sale.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements**  
**For the 18 month period ended 31 March 2019**

---

**1.3**        ***Going concern***

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its activities, and its exposures to, credit, liquidity and currency risk are described in pages 2 to 4 of this report.

The Group has a considerable amount of accrued revenue across different geographic areas. As a consequence, the Directors feel that the Group is well placed to manage its business risks successfully. After reviewing the Group's Statement of financial position, available facilities, cashflow forecasts and trading budgets and making the appropriate enquiries described in pages 2 to 4 of this report the Directors do not foresee any event either at company or consolidated group level which would affect the going concern nature of the business for the next 12 month period from the date of approval of these financial statements.

Accordingly, the business continues to adopt the going concern basis in preparing the annual reports and accounts

**1.4**        ***Basis of consolidation***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**1.5**      ***Foreign currency***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, GBP Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to the Statement of Comprehensive Income as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is recycled to the Statement of Comprehensive Income.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the translation reserve, to the extent that the hedge is effective.

When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is recycled to the Statement of Comprehensive Income as an adjustment to the profit or loss on disposal.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**1.6            *Classification of financial instruments issued by the Group***

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

**1.7            *Financial instruments***

**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**A. Financial Assets**

**Classification and initial measurement of financial assets**

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss ('FVTPL')
- fair value through other comprehensive income ('FVOCI').

In the periods presented the Group does not have any financial assets categorised as FVTPL or FVOCI.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

*Subsequent measurement of financial assets*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

*Impairment of financial assets*

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*Trade and other receivables and contract assets*

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**B. Financial Liabilities**

*Classification and measurement of financial liabilities*

The Group's financial liabilities include interest bearing loans and borrowings and trade payables and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**1.8      *Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	-	Over the remaining lease period
Computer equipment	-	2-5 years
Office equipment	-	2-5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**1.9            *Business combinations***

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the Statement of Comprehensive Income.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the Statement of Comprehensive Income.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**1.10 Intangible assets and goodwill**

*Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

*Research and development*

Expenditure on research activities is recognised in the Statement of Comprehensive Income as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the Statement of Comprehensive Income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses

*Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the Statement of Comprehensive Income as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

*Amortisation*

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer related intangibles	-	8-10 years
Technology related intangibles	-	5 years
Market related intangibles	-	12 years
Order backlog related intangibles	-	1-3 years
Computer software / Website development	-	3 years

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**1.11      *Impairment excluding inventories and deferred tax assets***

*Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

*Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**1.12 Employee benefits**

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

The pension contribution recognised in the consolidated statement of comprehensive income during the period was £729,423 (2017: £477,485).

**1.13 Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**1.14 Revenue**

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

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

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

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

The transaction price is based on the value of the investment at commission rates specified within the mandate and as reconfirmed by the investor following the presentation of the shortlist of fund managers. The transaction price is then reduced to reflect the small proportion of revenue that does not progress to the investment stage. This reduction is estimated using the cumulative total of such reversals over the total revenue recognised over the last five and half years and where appropriate discounting transactions that are non-recurring in nature. As set out in note 14 this is a change in basis from previous accounting policy relating to revenue reversals.

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

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

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**1.15 Expenses**

*Operating lease payments*

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

*Financing income and expenses*

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in the Statement of Comprehensive Income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Statement of Comprehensive Income (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**1.16 Leases**

The Group has applied IFRS 16 using the retrospective approach. This impact of changes is disclosed in Note 19.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

*As a lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-to-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying value of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and lease liabilities in 'Interest bearing loans and borrowings' in the Statement of Financial Position.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**1.17      *Taxation***

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

**1.18      *Critical accounting estimates and judgments***

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement and use assumptions in applying the Group's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing these financial statements are reasonable and prudent.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

**a)    *Useful economic lives of property, plant and equipment***

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

**b) Intangible assets**

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital. Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on those assets accordingly. In determining the useful economic life of the intangible software assets, management has given consideration to the length of time that its own software is typically used within its market. In addition, management reviewed competitor products and the length of time they had also been in use. Consideration was also given as to the likelihood that a new competitor could enter the market with a new product. This was considered unlikely due to the up-front capital investment which would be required to develop a new product, the requirement for reference sites to demonstrate the product, and the long life cycles which products have in the market.

**c) Development costs**

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

**d) Impairment of goodwill**

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based upon value-in-use and net realisable value calculations. The value-in-use method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Pre-tax discount rates have been applied and are based on WACC calculations. The net realisable value is based on the Group's current and projected earnings, adjusted EBITDA, as defined on the face of the Statement of Comprehensive Income at the mean earnings multiple of a peer group of companies, data for which was sourced from the Group's advisers.

**e) Revenue recognition**

The Group recognises revenue when its service obligations have been fulfilled and there is a degree of certainty that investors will proceed with their investments. Revenue recognised is based on amounts clients intend to invest and invoicing is based on actual amounts invested.

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

**f) Deferred consideration**

Accounting for deferred contingent acquisition consideration is based on the maximum estimate of future consideration payable over the period in which it may be realised and paid discounted to its net present value. If the actual consideration payable differs from the estimates used for this calculation then the change in value of the deferred liability is recorded in the Consolidated Statement of Comprehensive Income.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**2. Revenue**

	2019 £	2017 (Restated) £
United Kingdom	5,944,946	3,483,600
Rest of the European Union	6,443,217	4,405,093
Middle East	2,335,727	2,092,353
Canada	3,154,806	1,892,994
Rest of the World	2,751,193	1,491,829
	<b>20,629,889</b>	<b>13,365,869</b>

All of the Group's revenue is generated from the provision of investment advisory services. The majority of this revenue comes from investment manager search and selection services.

**3. Group Operating Profit**

Group operating profit has been arrived at after charging:

	2019 £	2017 £
Amounts payable under operating leases	598,366	339,444
Depreciation and amortisation	2,543,506	1,560,606
Fees payable to the Group's auditors		
- Statutory audit	115,000	60,000
- Advisory services	-	14,000

**4. Staff numbers and costs**

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

	2019 No. of Employees	2017 No. of Employees
Administration	38	37
Sales	19	17
	<b>57</b>	<b>54</b>

	2019 £	2017 (Restated) £
--	-----------	-------------------------

Staff costs were as follows:

Wages and salaries (including Executive Directors)	10,409,618	6,528,048
Pension costs	729,423	549,614
	<b>11,139,041</b>	<b>7,077,662</b>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**Directors Remuneration**

The Directors' emoluments were as follows:

	2019 £	2017 £
Remuneration	1,443,707	455,384
Pension contributions	79,559	57,744
	<b>1,523,266</b>	<b>513,128</b>

The highest paid Directors' emoluments were as follows:

	2019 £	2017 £
Remuneration	522,906	312,449
Pension contributions	19,000	20,900
	<b>541,906</b>	<b>333,349</b>

**5. Finance income and expense:**

	2019 £	2017 £
Other Income	-	6,250
<b>Total finance income</b>	<b>-</b>	<b>6,250</b>
Total interest expense on financial liabilities measured at amortised cost	(4,387,516)	(2,742,591)
<b>Total finance expense</b>	<b>(4,387,516)</b>	<b>(2,742,591)</b>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**6. Taxation**

	2019 £	2017 (Restated) £
UK corporation tax on profits for the period	(114,034)	(82,431)
Foreign entity taxation	(147,550)	(82,455)
<b>Current tax charge</b>	<b>(261,584)</b>	<b>(164,886)</b>
Origination and reversal of timing differences (see note 15)	279,931	(99,471)
<b>Deferred tax credit / (charge)</b>	<b>279,931</b>	<b>(99,471)</b>
<b>Total tax charge</b>	<b>18,347</b>	<b>(264,357)</b>

No tax charge/credit was recorded in the period for revenue and expenses included in Other Comprehensive Income, and no tax charge was recognised directly in equity.

<b>Reconciliation of effective tax rate</b>	2019 £	2017 (Restated) £
Loss for the period	3,718,367	2,193,311
Total tax (credit)/charge	18,347	(264,357)
Loss excluding taxation	3,736,714	1,928,954
Income tax at UK corporation tax average rate of 19% (2017: 19.5%)	709,974	376,147
Effects of:		
- Expenses not deductible for tax purposes	(647,552)	(69,313)
- Adjustment to losses from prior periods	-	(89,464)
- Adjustment in respect of prior period	123,416	(505,806)
- Adjustments for overseas tax	(72,300)	(81,462)
- Group relief relating to prior periods	-	91,582
- Unrecognised deferred tax	(85,671)	-
- Other movements	(9,520)	13,959
<b>Total tax charge in the Statement of Comprehensive Income</b>	<b>18,347</b>	<b>(264,357)</b>

The effective rate of 0.5% (2017: 13.7%) is the lower than (2017: lower than) the standard rate of corporation tax in the United Kingdom of 19% (2017: 19%).

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current and deferred tax charge accordingly.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**7. Intangible assets**

	Goodwill	Customer related	Technology related	Marketing related	Other intangibles	Computer software	Total
	£	£	£	£	£	£	£
<b>Cost</b>							
As at 1 October 2017 (Restated)	14,035,537	4,652,936	698,414	449,545	1,579,586	-	21,416,018
Reallocated from Property, Plant and Equipment *	-	-	-	-	-	294,033	294,033
Additions during the period	-	-	-	-	-	333,833	333,833
Written-off during the period	-	-	-	-	-	(39,972)	(39,972)
<b>As at 31 March 2019</b>	<b>14,035,537</b>	<b>4,652,936</b>	<b>698,414</b>	<b>449,545</b>	<b>1,579,586</b>	<b>587,894</b>	<b>22,003,912</b>
<b>Amortisation</b>							
As at 1 October 2017	-	656,841	197,186	52,884	743,285	-	1,650,196
Reallocated from Property, Plant and Equipment *	-	-	-	-	-	115,999	115,999
Amortisation for the period	-	697,941	209,525	56,193	789,794	187,155	1,940,608
Written-off during the period	-	-	-	-	-	(39,972)	(39,972)
<b>As at 31 March 2019</b>	<b>-</b>	<b>1,354,782</b>	<b>406,711</b>	<b>109,077</b>	<b>1,533,079</b>	<b>263,182</b>	<b>3,666,831</b>
<b>Net book value</b>							
<b>As at 30 September 2017</b>	<b>14,035,537</b>	<b>3,996,095</b>	<b>501,228</b>	<b>396,661</b>	<b>836,301</b>	<b>-</b>	<b>19,765,822</b>
<b>As at 31 March 2019</b>	<b>14,035,537</b>	<b>3,298,154</b>	<b>291,703</b>	<b>340,468</b>	<b>46,507</b>	<b>324,712</b>	<b>18,337,081</b>

\* In previous years capitalised computer software and website development costs had been recorded as tangible fixed assets. The Directors have identified that this treatment was incorrect and have reclassified these as intangible assets in line with IAS 38 Intangible Assets.

Goodwill is tested for impairment by comparing the carrying value of the cash generating unit ('CGU') to which the goodwill relates to the recoverable value of that CGU. In the current period the Directors have concluded that Group comprises a single CGU rather than multiple CGUs as was previously reported; the change of basis for impairment review would not impact the conclusions from reviews conducted in prior periods.

The recoverable amount is determined based upon the higher of value-in-use and net realisable value calculations following the methodologies outlined in note 1.18d. Based on these calculations in the period the recoverable amount exceeds the carrying value and therefore no impairment is required. Reasonably foreseeable changes in the above assumptions would not result in the recoverable amount falling below the carrying amount.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**8. Property, plant and equipment**

	Leasehold property £	Leasehold improvement £	Computer equipment £	Office equipment £	Total £
<b>Cost</b>					
As at 1 October 2017	2,273,630	119,420	491,640	38,633	2,923,323
Reclassified to Intangible Assets*	-	-	(294,033)	-	(294,033)
Additions in the period	-	321	49,980	7,166	57,467
Disposals in the period	-	-	-	-	-
Foreign currency movements	-	-	(421)	(59)	(480)
<b>As at 31 March 2019</b>	<b>2,273,630</b>	<b>119,741</b>	<b>247,166</b>	<b>45,740</b>	<b>2,686,277</b>
<b>Depreciation</b>					
As at 1 October 2017	185,910	43,504	177,585	8,381	415,380
Reclassified to Intangible Assets*	-	-	(115,999)	-	(115,999)
Depreciation charge for the period	458,076	21,764	106,433	16,625	602,898
Disposals in the period	-	-	-	-	-
Foreign currency movements	-	-	(352)	(10)	(362)
<b>As at 31 March 2019</b>	<b>643,986</b>	<b>65,268</b>	<b>167,667</b>	<b>24,996</b>	<b>901,917</b>
<b>Net book value</b>					
As at 30 September 2017	2,087,720	75,916	314,055	30,252	2,507,943
<b>As at 31 March 2019</b>	<b>1,629,644</b>	<b>54,473</b>	<b>79,499</b>	<b>20,744</b>	<b>1,784,360</b>

\* In previous years capitalised computer software and website development costs had been recorded as tangible fixed assets. The Directors have identified that this treatment was incorrect and have reclassified these as intangible assets in line with IAS 38 Intangible Assets.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**9. Investments in subsidiaries**

The Group and the Company have the following investments in Subsidiaries. Shares in subsidiary undertakings are carried at nominal value.

	Place of incorporation	Principal place of business	Effective % holding	Principal activity	Registered office
Bfinance Group Holding Limited	UK	UK	100%	Holding company	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance Acquisition Limited	UK	UK	100%	Holding company	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance Holdings Limited	UK	UK	100%	Holding company	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance Nominees Limited	UK	UK	100%	Holding company	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance US Limited	UK	US	100%	Investment advisors	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance International Limited	UK	UK	100%	Investment advisors	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance UK Limited	UK	UK	100%	Investment advisors	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance Australia Pty	Australia	Australia	100%	Investment advisors	Level 8, 99 Elizabeth Street, Sydney NSW 2000
Bfinance Canada Inc.	Canada	Canada	100%	Investment advisors	1250 Rene Levesque Boulevard West, Suite 2200 Montreal, Québec H3B 4W8
Bfinance Deutschland GMBH	Germany	Germany	100%	Investment advisors	Promenadeplatz 8 80333 Munich

**10. Trade and other receivables**

	2019 £	2017 (Restated) £
Trade receivables	2,608,115	1,188,678
Prepayments and accrued income	6,071,563	7,755,850
Corporation tax	-	38,249
Other receivables	565,676	441,243
	<b>9,245,354</b>	<b>9,424,020</b>

**11. Cash and cash equivalents**

	2019 £	2017 £
Cash at bank and available on demand	2,029,661	1,065,487
	<b>2,029,661</b>	<b>1,065,487</b>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**12. Trade and other payables**

	2019	2017 (Restated)
	£	£
Trade payables	535,766	628,633
Accruals	3,445,808	1,778,112
Corporation tax	111,239	-
Other taxation and social security	410,467	1,277,784
	<b>4,503,280</b>	<b>3,684,529</b>

An element of deferred consideration totalling £544,637 was incorrectly recorded in 'Other taxation and social security' in the Financial Statements for year ended 30 September 2017. On restatement, this element has been reclassified to 'Deferred consideration payable' (see Note 13 below).

**13. Interest bearing loans and borrowings**

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 17.

	2019	2017 (Restated)
	£	£
<b>Current liabilities</b>		
Bank loans	5,000,000	-
Bank loan interest payable	48,608	-
Deferred consideration payable	229,742	424,841
	<b>5,278,350</b>	<b>424,841</b>
<b>Non-current liabilities</b>		
Bank loans	-	5,000,000
Vendor Loan notes	1,021,895	954,362
Working Capital loan notes	2,537,094	2,445,305
Deferred consideration payable	-	858,528
Preference share interest	5,326,298	2,375,601
	<b>8,885,287</b>	<b>11,633,796</b>
Redeemable preference shares	<b>18,007,750</b>	<b>18,007,750</b>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

Bfinance Acquisition Limited, part of the Group, has a senior debt facility with BMS Finance (UK) S.A.R.L for £5 million. The interest rate on the loan is 11.5% per annum and the loan is fully repayable on 19 December 2019.

€1,010,823 Vendor loan notes were issued in April 2016 as part of the consideration for the acquisition of Bfinance Holdings Limited. These loan notes are denominated in Euros, have an annual interest rate of 6%, and are repayable in 2021. At 31 March 2019 the amount repayable for the loan notes was £1,021,895 (2017: 954,362).

€2,500,048 Working capital loan notes were issued in April 2016 as part of the consideration for the acquisition of Bfinance Holdings Limited. These loan notes are denominated in Euros, have an annual interest rate of 8%, and are repayable if contract conditions are met. At 31 March 2019 the amount repayable for the loan notes was £2,537,094 (2017: £2,445,305).

*Redeemable preference shares*

As part of the acquisition of Bfinance Group Holdings Limited on the 29 April 2016 the Company issued 18,007,750 preference shares for a value of £18,007,750 (£1 per share).

The redeemable preference shares have a maturity date of 29<sup>th</sup> April 2021 and the Group is obliged to pay 11,504,056 A preference shareholders a 10% annual dividend and 6,503,694 B preference shareholders an 8% annual dividend. Redeemable preference shares do not carry a right to vote.

As at 31 March 2019 dividends totalling £5,326,298 (2017: £2,375,601) had accrued on the preference shares.

	<b>Currency</b>	<b>Interest Rate</b>	<b>Date of Maturity</b>	<b>Carrying Value £</b>
<b>Non-current liabilities</b>				
Bank loans	GBP	11.5%	2019	5,000,000
Vendor Loan notes	EUR	6%	2021	1,021,895
			When	
Working Capital loan notes	EUR	8%	criteria met	2,537,094
Redeemable preference shares	GBP	10% & 8%	2021	18,007,750

The fair values of the financial instruments are not considered to be materially different from their carrying values, as the impact of the discounting is not significant. The fair values are based on discounted cash flows and are within level 3 of the fair value hierarchy.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**14. Prior year restatements**

**a) Change in basis of initial revenue recognition**

Under the previous accounting basis no allowance was made for a small portion of transactions that did not progress from the initial revenue recognition stage to the invoicing stage and revenue from these transactions was reversed in the accounting period in which it became clear that invoicing would not occur.

Such reversals often occur after the accounting period in which the related revenue was initially recognised which then has the effect, where material, of misrepresenting the underlying trading performance of the period in which the reversal occurred. Clearly in retrospect not making an allowance for potential reversals was erroneous.

The accounting basis was changed to make an allowance for such reversals at the initial revenue recognition stage by withholding a percentage of revenue which was based on experience of such reversals in prior periods. As a result of correcting this error the revenue and profit reported in prior years has decreased, and to the extent that the impact of the change pre-dated the formation of the Group this has been recognised as an increase in the value of goodwill totalling £1,422,907.

**b) Goodwill and translation reserve**

On 29 April 2016 the Company acquired 100% of the shares of Bfinance Holdings Limited and its subsidiaries, with goodwill arising as part of this acquisition. In preparing an estimate at 30 September 2016 a credit of £782,275 was allocated to goodwill relating to mismatches in intercompany balances across the Group, of which £465,781 was identified as incorrectly posted against goodwill and therefore reallocated in the published financial statements to 30 September 2017 as a correction of the initial estimate. Subsequently further analysis of the calculations used at 30 September 2016 has identified that the remaining £316,494 should also have been corrected as it related to unrecognised foreign exchange differences on the intercompany balances impacting both the Statement of Comprehensive Income and Translation Reserve at that date.

**c) Deferred consideration – Trail Fees**

The total consideration for the acquisition noted above included some deferred consideration elements including 'Trail Fees' which represented the right to the cash generated from specified accrued revenue in place at the acquisition date. The value of the 'Trail Fees' was initially recorded at its present value at the date of acquisition. However this present value was not unwound from acquisition date to 30 September 2016 or 30 September 2017; management identified that this was incorrect and therefore the prior year results needed to be restated to ensure appropriate treatment.

The full impact of the prior year restatement is broken down below:

	Loss for the year	30 September 2017	1 October 2016
	£	Equity	Equity
		£	£
As previously reported on 30 September 2017	(1,420,727)	(3,542,715)	(2,019,292)
Change in revenue recognition basis	(700,506)	(1,058,893)	(358,387)
Goodwill adjustment	-	316,494	316,494
Trail Fees	(140,279)	(207,953)	(67,674)
Change in corporation tax charge	136,598	165,062	28,464
Change in deferred tax charge	(73,284)	(73,284)	-
	<u>(2,198,198)</u>	<u>(4,401,289)</u>	<u>(2,100,395)</u>
IFRS 16 early adoption	4,887	4,887	-
	<u>(2,193,311)</u>	<u>(4,396,402)</u>	<u>(2,100,395)</u>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**15. Deferred tax**

Deferred tax assets and liabilities in the Group as at the date of the statement of financial position are attributable to the following:

	<b>Assets</b>	<b>Liabilities</b>
	<b>£</b>	<b>£</b>
Tangible asset timing differences	-	62,226
Intangible asset timing differences	-	737,602
Short-term timing differences	-	1,454
	<u>-</u>	<u>801,322</u>
Net tax liabilities		<u><b>801,322</b></u>

*Movement in deferred tax during the period*

	2017 (Restated)	Recognised in Statement of Comprehensive Income	2019
	£	£	£
Tangible asset timing differences	(25,405)	(36,861)	(62,266)
Intangible asset timing differences	(1,059,840)	322,238	(737,602)
Short-term timing differences	3,992	(5,446)	(1,454)
	<u><b>(1,081,253)</b></u>	<u><b>279,931</b></u>	<u><b>(801,322)</b></u>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**16. Financial risk management objectives and policies**

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, short-term deposits, trade and other payables, bank loans and loan notes.

The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments which mainly comprise trade receivables and trade payables which arise directly from its operations.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The Group finance department identifies, evaluates and manages financial risks. The Board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

The impact of the risks required to be discussed under IFRS 7 are detailed below:

**a) Market risk**

**Foreign exchange risk**

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

	<b>Sterling £000's</b>	<b>Euro £000's</b>	<b>USD £000's</b>	<b>Other £000's</b>	<b>Total £ 000's</b>
Cash and cash equivalents	1,399,623	380,345	185,684	64,009	2,029,661
Trade receivables	598,788	477,423	1,459,641	72,263	2,608,115
Bank loans	(5,000,000)	-	-	-	(5,000,000)
Loan notes	-	(3,558,989)	-	-	(3,558,989)
Preference share interest	(5,326,298)	-	-	-	(5,326,298)
Deferred consideration	-	(229,742)	-	-	(229,742)
Trade payables	(382,576)	(100,332)	(31,202)	(21,656)	(535,766)
Balance sheet exposure	(8,710,463)	(3,031,295)	1,614,123	114,616	(10,013,019)

The table below shows the equity impact of both a weakening and strengthening in the EUR and USD rates and the impact this would have upon equity

	<b>Total £ 000's</b>	<b>5% Strengthening</b>	<b>5% Weakening</b>
Balance sheet exposure	(10,013,019)	(10,083,878)	(9,942,160)
Equity impact		(70,859)	70,859

**Cash flow and fair value interest rate risk**

The Group is not exposed to interest rate risk with debt instruments issued being at fixed interest rates.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**b) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	<b>2019</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Classes of financial assets – carrying amounts</b>		
Cash and cash equivalents	2,029,661	1,065,487
Trade receivables	2,608,115	1,188,678

Credit risk is managed on a group basis. Credit risks arise from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group's credit risk is primarily attributable to its trade receivables. It is the policy of the Group to present the amounts in the statement of financial position net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group reviews the reliability of its customers on a regular basis, such a review takes into account the nature of the Group's trading history with the customer.

	<b>2019</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Concentration of credit risk</b>		
France	-	22,212
Germany	183,980	361,563
Canada	134,777	-
UK	2,289,358	804,903
Total	2,608,115	1,188,678

The ageing of trade receivables at the balance sheet date was:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
0-30 days overdue	1,159,876	803,912
31-60 days overdue	377,165	237,838
61-90 days overdue	664,815	83,854
91-120 days overdue	406,259	37,057
+121 days overdue	-	26,017
Total receivables	2,608,115	1,188,678

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

The credit risk on liquid funds is limited because the majority of funds are held with one bank with high credit-ratings assigned by international credit-rating agencies. Management does not expect any losses from non-performance of these counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.

**c) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with the financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when then are due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet obligations of the Group as they fall due.

The Board receives regular cash flow forecasts so that it can take the appropriate measures as required.

Detailed analysis of the debt facilities taken out and available to the Group are disclosed in note 13.

As at 31 March 2019, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Carrying amount	Contractual cashflows	1 year or less	1 to < 2 years	2 < 5 years	>5 years
Non-derivative financial liabilities	£	£	£	£	£	£
Bank loans	5,000,000	-	5,414,315	-	-	-
Working capital loan notes	2,537,094	-	-	-	2,537,094	-
Vendor loan notes	1,021,895	-	-	-	1,130,526	-
Deferred consideration	229,742	-	229,742	-	-	-
Redeemable preference shares	18,007,750	-	-	-	18,007,750	-
Interest on preference shares	5,326,298	-	-	-	10,069,998	-
Lease payables (current and non- current)	2,003,774	-	455,245	455,245	1,365,735	162,344
Trade and other payables	4,503,280	-	4,503,280	-	-	-
<b>Total</b>	<b>38,629,833</b>	<b>-</b>	<b>10,602,582</b>	<b>455,245</b>	<b>33,111,103</b>	<b>162,344</b>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

**d) Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may, subject to shareholders' approval as appropriate, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company deducts redeemable preference shares when looking at these calculations as they are legal equity documents, and also deducts lease liabilities as they are not deemed relevant for this calculation.

Capital for the reporting periods under review is summarised as follows:

	2019	2017 (Restated)
	£	£
Total equity	(8,083,307)	(4,396,402)
Less unrestricted cash and cash equivalents	(2,029,661)	(1,065,487)
Add back redeemable preference shares including interest	23,334,048	20,383,351
	<b>13,221,080</b>	<b>14,921,462</b>
 Total equity	 (8,083,307)	 (4,396,402)
Borrowings	(16,167,411)	(14,386,142)
Add back redeemable preference shares including interest	23,334,048	20,383,351
Add back lease liabilities	2,003,774	2,327,505
	<b>1,087,104</b>	<b>3,928,312</b>
 Capital-to-overall financing ratio	 <b>8.2%</b>	 <b>26.3%</b>

**17. Financial instruments – Fair values and risk management**

The Group's financial instruments consist of loans, trade receivables and trade payables. The carrying value of these are all recorded at amortised cost. The fair values of these financial instruments are approximate to their carrying values due to either their short-term nature or being priced at variable interest rates.

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**18. Capital**

	<u>Ordinary shares</u>
<b>On issue at 31 March 2019 and 30 September 2017</b>	<b>122,556</b>

*Allotted, called up and fully paid*

<u>Class</u>	<u>No.</u>	<u>Price Per Share</u>	<u>Share Capital</u> £	<u>Share Premium</u> £
A Ordinary Shares	65,161	£0.001 each	65.16	49,676
B1 Ordinary Shares	28,338	£0.001 each	28.34	21,604
B2 Ordinary Shares	6,500	£0.200 each	1,300.00	3,662
C Ordinary Shares	22,550	£0.001 each	22.55	9,999
D Ordinary Shares	7	£0.001 each	0.007	-
<b>Total</b>			1,416	84,941

Holders of A and B ordinary shares are entitled to receive notice of, and to attend or speak at, any general meeting of the Company and have voting rights.

Holders of C, D and preference shares are not entitled to receive notice of or to attend or speak at any general meeting of the Company and do not have voting rights.

Holders of D shares have a put right to require the Company or person nominated by the Company to purchase all of their ordinary shares.

**19. Leases**

The Group leases consist of land and buildings only. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

	<u>£</u>
<b>Balance at 1 October 2016 (restated)</b>	-
New leases recognised in the year (restated)	2,273,630
Depreciation charge for the year (restated)	(185,910)
<b>Balance at 30 September 2017 (restated)</b>	<b>2,087,720</b>
Depreciation charge for the period	(458,076)
<b>Balance at 31 March 2019</b>	<b>1,629,644</b>

**Bfinance Group Holdings Limited**  
**Notes to the Consolidated Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**Lease liabilities**

	<b>2019</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b><u>Maturity analysis – contractual undiscounted cash flows</u></b>		
Less than one year	455,245	341,434
One to five years	1,820,920	1,820,920
More than five years	162,344	845,212
<b>Total undiscounted lease liabilities at period/year end</b>	<b>2,438,509</b>	<b>3,007,566</b>
<b>Lease liabilities included in the Statement of Financial Position</b>		
Current	455,245	341,434
Non-current	1,548,529	1,986,071
	<b>2,003,774</b>	<b>2,327,505</b>
<b>Amounts recognised in Statement of Consolidated Income</b>		
Interest on lease liability	245,325	100,161

**20. Contingent liabilities**

There were no material Group contingent liabilities at 31 March 2019.

**21. Related party transactions**

Bfinance International Limited has a cost sharing agreement with Redbridge DTA for the supply of services to its French office. David Vafai, a Director of Bfinance Group Holdings Limited is the chairman of Redbridge DTA.

Costs incurred during the period amounted to £14,667 (2017: £13,416).

**22. Ultimate parent company and parent company.**

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

**Bfinance Group Holdings Limited**  
**Company Statement of Financial Position**  
**As at 31 March 2019**

		2019	2017 (Restated)
	Note	£	£
<b>Non-current assets</b>			
Investments	4	24,434,905	24,434,905
		<b>24,434,905</b>	<b>24,434,905</b>
<b>Current assets</b>			
Trade and other receivables	5	62,282	103,542
		<b>62,282</b>	<b>103,542</b>
<b>Total assets</b>		<b>24,497,187</b>	<b>24,538,447</b>
<b>Current liabilities</b>			
Trade and other payables	6	(3,923,003)	(2,331,107)
Interest bearing loans and borrowings	7	(229,742)	(424,841)
		<b>(4,152,745)</b>	<b>(2,755,948)</b>
<b>Non-Current liabilities</b>			
Interest bearing loans and borrowings	7	(8,885,287)	(6,693,120)
Redeemable preference shares		(18,007,750)	(18,007,750)
		<b>(26,893,037)</b>	<b>(27,700,870)</b>
<b>Net assets</b>		<b>(6,548,595)</b>	<b>(2,918,371)</b>
<b>Equity</b>			
Called up share capital	9	1,416	1,416
Share premium account	9	84,941	84,941
Retained earnings		(6,634,952)	(3,004,728)
<b>Total shareholders' funds</b>		<b>(6,548,595)</b>	<b>(2,918,371)</b>

The notes on pages 46 to 52 form part of these financial statements.

These financial statements were approved by the Board of Directors on 19 December 2019 and were signed on its behalf by:

David Vafai  
Director

**Bfinance Group Holdings Limited**  
**Company Statement of Changes in Equity**  
**As at 31 March 2019**

	Share capital £	Share premium £	Retained earnings £	Total £
<b>As at 1 October 2016 (Restated)</b>	1,416	84,941	(204,127)	(117,770)
<b>Comprehensive income</b>				
Loss for the period	-	-	(2,800,601)	(2,800,601)
<b>As at 30 September 2017</b>	<b>1,416</b>	<b>84,941</b>	<b>(3,004,728)</b>	<b>(2,918,371)</b>
<b>Comprehensive income</b>				
Loss for the period	-	-	(3,630,224)	(3,630,224)
<b>As at 31 March 2019</b>	<b>1,416</b>	<b>84,941</b>	<b>(6,634,952)</b>	<b>(6,548,595)</b>

The notes on pages 46 to 52 form part of these financial statements.

**Bfinance Group Holdings Limited**  
**Notes to the Company Financial Statements**  
**For the 18 month period ended 31 March 2019**

---

**1. General information**

The address of its registered office is 2<sup>nd</sup> Floor 36 Queen Street, London EC4R 1BN.

The principal activity of the Company is that of a holding company. The principal activity of its subsidiaries is the provision of fund manager search and selection services to investors.

**2. Company accounting policies**

**Statement of compliance**

The Financial Statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 ('FRS 101') issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

As permitted by s.408 of the Companies Act 2006, a Statement of Comprehensive Income is not presented for Bfinance Group Holdings Limited.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 Property, plant and equipment; and
  - iii. paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the year).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - i. 10(d), (statement of cash flows);
  - ii. 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - iii. 16 (statement of compliance with all IFRS);
  - iv. 38A (requirement for minimum of two primary statements, including cash flow statements);
  - v. 38B-D (additional comparative information);
  - vi. 40A-D (requirements for a third statement of financial position);
  - vii. 111 (cash flow statement information); and
  - viii. 134-136 (capital management disclosures).

**Bfinance Group Holdings Limited**  
**Notes to the Company Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**Statement of compliance (continued)**

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

**Going concern**

The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Company Financial Statements.

**Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

**Foreign currency translation**

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

**Current and deferred tax**

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

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

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

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

**Bfinance Group Holdings Limited**  
**Notes to the Company Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to and from related parties. These transactions are initially recognised at cost and subsequently recognised at amortised cost.

**a) Financial assets**

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the Asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when:

- the contractual rights to the cash flows from the asset expire or are settled; or
- substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**b) Financial liabilities**

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**Share capital transactions**

When the Company purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Purchased shares are either held in treasury in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

**Dividends**

Dividends payable are recognised when they meet the criteria for a present obligation (i.e. when they have been approved).

**Bfinance Group Holdings Limited**  
**Notes to the Company Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

---

**Accounting estimates and judgements**

In the application of the Company's accounting policies the Directors are required to make a number of 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.

**3. Auditor's remuneration**

The audit fee for the period included in the Company's Statement of Comprehensive Income was £115,000 (2017: £65,000). This represents the audit fee for the whole Bfinance Group.

**4. Investments**

Shares in subsidiary undertakings are carried at £24,434,905 value, in the Directors' opinion this reflects the underlying fair value.

The subsidiary undertakings are all 100% owned.

	<b>Place of incorporation</b>	<b>Principal activity</b>	<b>Business location</b>	<b>Registered office</b>
Bfinance Acquisition Limited	United Kingdom	Holding company	United Kingdom	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance Holdings Limited	United Kingdom	Holding company	United Kingdom	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance Nominees Limited	United Kingdom	Holding company	United Kingdom	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance US Limited	United Kingdom	Investment advisors	US	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance International Limited	United Kingdom	Investment advisors	United Kingdom	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance UK Limited	United Kingdom	Investment advisors	United Kingdom	2nd floor 36 Queen Street, London EC4R 1 BN
Bfinance Australia Pty	Australia	Investment advisors	Australia	Level 8, 99 Elizabeth Street, Sydney NSW 2000
Bfinance Canada Inc.	Canada	Investment advisors	Canada	1250 Rene Levesque Boulevard West, Suite 2200 Montreal, Québec H3B 4W8
Bfinance Deutschland GMBH	Germany	Investment advisors	Germany	Promenadeplatz 8 80333 Munich

**Bfinance Group Holdings Limited**  
**Notes to the Company Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**5. Receivables due within one year**

	2019 £	2017 £
Prepayments and accrued income	32,415	85,133
Other receivables	29,867	18,409
	<b>62,282</b>	<b>103,542</b>

**6. Payables due within one year**

	2019 £	2017 (Restated) £
Trade creditors	65,914	85,868
Amounts owed to Group undertakings	3,439,700	2,141,739
Accruals and deferred income	394,719	103,500
Other payables	22,670	-
Deferred consideration	229,742	-
	<b>4,152,745</b>	<b>2,331,107</b>

An element of deferred consideration totalling £544,637 was incorrectly recorded in 'Other payables' in the Financial Statements for year ended 30 September 2017. On restatement, this element has been reclassified to 'Deferred consideration payable' (see Note 7 below).

**7. Interest bearing loans and borrowings**

	2019 £	2017 (Restated) £
<b>Current liabilities</b>		
Deferred consideration payable	229,742	424,841
	<b>229,742</b>	<b>424,841</b>
<b>Non-current liabilities</b>		
Vendor Loan notes	1,021,895	967,938
Working Capital loan notes	2,537,094	2,456,712
Deferred consideration payable	-	892,869
Preference share interest	5,326,298	2,375,601
	<b>8,885,287</b>	<b>6,693,120</b>

€1,010,823 Vendor loan notes were issued in April 2016 as part of the consideration for the acquisition of Bfinance Holdings Limited. These loan notes are denominated in Euros, have an annual interest rate of 6%, and are repayable in 2021. At 31 March 2019 the amount repayable for the loan notes was £1,021,895 (2017: £967,938).

€2,500,048 Working capital loan notes were issued in April 2016 as part of the consideration for the acquisition of Bfinance Holdings Limited. These loan notes are denominated in Euros, have an annual interest rate of 8%, and are repayable if contract conditions are met. At 31 March 2019 the amount repayable for the loan notes was £2,537,094 (2017: £2,456,712).

**Bfinance Group Holdings Limited**  
**Notes to the Company Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

The Company issued 18,007,750 preference shares for a value of £18,007,750 (£1 per share). The redeemable preference shares have a maturity date of 29th April 2021 and the Company is obliged to pay 11,504,056 A preference shareholders a 10% annual dividend and 6,503,694 B preference shareholders an 8% annual dividend. As at 31 March 2019 dividends totalling £5,326,298 (2017: £2,375,601) had accrued on the preference shares.

**8. Provisions for Liabilities and Charges**

The Company had no material provisions for liabilities and charges at 31 March 2019.

**9. Prior year restatement**

Deferred consideration – Trail Fees

In the Company's accounts the value of the 'Trail Fees' was recorded as the maximum estimate of future consideration payable over the period in which it may be realised and paid, however it was not discounted to its net present value and unwound over subsequent periods. The initial value of the deferred consideration and the value of investments in subsidiaries were therefore overstated by £252,513 for this reason. Subsequent interest charges on unwinding the present value discounting and associated FX revaluation on the euro denominated liability were missed.

Management have identified that the accounting treatment was erroneous and have therefore restated the prior periods to make relevant adjustments for this which are detailed below:

	Loss for the year £	30 September 2017 Equity £	1 October 2016 Equity £
As previously reported on 30 September 2017	(2,660,322)	(2,710,418)	(50,096)
Interest and FX adjustments	(140,279)	(207,953)	(67,674)
	<u>(2,800,601)</u>	<u>(2,918,371)</u>	<u>(117,770)</u>

**Bfinance Group Holdings Limited**  
**Notes to the Company Financial Statements (continued)**  
**For the 18 month period ended 31 March 2019**

**10. Share Capital**

	<u>Ordinary shares</u>
On issue at 31 March 2019 and 30 September 2017	<u>122,556</u>

*Allotted, called up and fully paid*

<u>Class</u>	<u>No.</u>	<u>Price Per Share</u>	<u>Share Capital</u>	<u>Share Premium</u>
			<u>£</u>	<u>£</u>
A Ordinary Shares	65,161	£0.001 each	65.16	49,676
B1 Ordinary Shares	28,338	£0.001 each	28.34	21,604
B2 Ordinary Shares	6,500	£0.200 each	1,300.00	3,662
C Ordinary Shares	22,550	£0.001 each	22.55	9,999
D Ordinary Shares	7	£0.001 each	0.007	-
Total			<u>1,416</u>	<u>84,941</u>

Holders of A and B ordinary shares are entitled to receive notice of, and to attend or speak at, any general meeting of the Company and have voting rights.

Holders of C, D and preference shares are not entitled to receive notice of or to attend or speak at any general meeting of the Company and do not have voting rights.

Holders of D shares have a put right to require the Company or person nominated by the Company to purchase all of their ordinary shares.

**11. Share-Based Payments**

There were no share based payments to disclose.

**12. Related Party Transactions**

There were no related party transactions to disclose.

**13. Contingent Liabilities**

The Company had no material contingent liabilities at 31 March 2019.

**14. Controlling parties**

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