Company Registration No. 07199183 (England and Wales)

# Hanson Asset Management Limited

## Annual report and financial statements for the year ended 31 March 2019

Hanson Asset Management Limited

**Company information**

| | | |
|---|---|---|
| **Directors** | Simon Sotomey | |
| | Gary Lewis | |
| | Kiril Boshov | |
| | Vasil Stefanov | (Appointed 6 April 2018) |
| | Assen Christov | (Appointed 6 April 2018) |
| **Company number** | 07199183 | |
| **Registered office** | 6 Arlington Street<br>London<br>SW1A 1RE | |
| **Independent auditor** | Saffery Champness LLP<br>71 Queen Victoria Street<br>London<br>EC4V 4BE | |
| **Bankers** | Barclays Bank plc<br>Leicester<br>LE87 2BB | |

**Contents**

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

**Review of the business**
Hanson Asset Management Limited is a Financial Conduct Authority ("FCA") regulated UK company providing asset management services which include corporate advisory, wealth management and fund management. Clients include members of the Hanson family, professional and retail investors and institutions.

The board of directors are responsible for the overall stewardship of the company. The company's performance for the year is set out in the Statement of Comprehensive Income on page 10 and is considered by the board of directors to be a modest improvement compared to last year as a result of the continued effort to streamline the business and increase revenue. The company's longer term strategy will focus on developing the business whilst monitoring costs and improving where possible.

**Risk management objectives and policy**
The company's risk management policy reflects the FCA requirement that we must manage a number of different categories of risk. These include, where applicable: credit, market, business, operational, insurance, liquidity and group risk. In respect of this disclosure it is the first four of these risks that are relevant and further information is provided on these risks below.

**Credit risk**
The company's current business model does not expose the business to any material credit risk. The credit risk capital requirement arises due to the holding of bank deposits, loans, investments and any past due items which has been calculated as £56,050. Consequently, the company has concluded that no further action and or additional capital is required to mitigate this risk due to the surplus held over the capital requirement.

**Market risk**
Under Pillar 1, the company does have exposure to foreign exchange risk due to the foreign currency bank deposits held. Based on foreign exchange currencies held at the year end, the foreign exchange risk requirement is calculated as £14,798. The company has concluded that no additional capital is required to mitigate this risk.

**Business Risk**
The company's Pillar 2 business risk assessment considers a fall in assets under management following a market downturn that leads to lower management fees. Different economic scenarios are modeled as part of the Internal Capital Adequacy Assessment Process (ICAAP) to establish the impact of economic downturns on our financial position.

The company's directors are responsible for monitoring the impacts of any market downturn on the business. Controls implemented include the continuing monitoring of its budgets and expenses and investment managers performance to determine any market risk. Monthly management accounts are prepared by the Chief Financial & Operations Officer for review and necessary discussions.

## Operational risk

Most of the company's risk management efforts are focused on operational risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems. The company continues to review its operational and compliance procedures and ensures all staff are experienced and knowledgeable to perform their responsibilities to the highest standards of professionalism and integrity. This includes everything, from risk of administrative errors, fraud and theft. The company's policy is to operate a robust and effective risk management process, embedded within the governance and management structures of our business.

Key risk areas identified by management cover specific risk items within the following areas: Investment Management; Financial crime; Capital Adequacy; Personnel; Market; Client; Business Continuity; Strategy; Outsourcing; Operational; Legal and Regulatory compliance.

The company provides a high level summary of its assessment of risks identifying the impact and probability of each risk item then ranking each item as either high, medium or low. The company also identifies and implements measures to mitigate the risk and monitor any residual risk on an ongoing basis. The Risk Map is appended to the ICAAP which is formally approved by the directors.

## Capital resources

The company's Capital Resources Requirement ("CRR") Pillar 1 calculation, as an IFPRU 50k Limited Licence Firm, is its Fixed Overheads Requirement (£330,000), which is higher than its Base Own Funds requirement (€50,000) or Market Risk (£14,798) and Credit Risk (£56,050) combined. The company holds £381,420 as Tier 1 capital to meet its current CRR.

## Credit and market risk

Disclosures in relation to the company's credit and market risks have been considered immaterial. The company's capital requirement is the higher of Base Own Funds Requirement (€50,000) and Variable Capital Requirement (Calculation of the Variable Capital Requirement is the Fixed Overheads Requirement rather than the sum of the Credit Risk Capital Requirement and the Market Risk Capital Requirement).

### Internal capital requirements

The company's overall approach to assessing the adequacy of our internal capital is set out in the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP process involves separate consideration of risks to the company's capital combined with stress testing using scenario analysis. The level of capital required to cover risks is a function of impact and probability. Impact is assessed by modeling the changes in the company's income and expenses caused by various potential risks over a 1- year time horizon. Probability is assessed subjectively.

Following the risk and capital requirement analysis undertaken by the senior management team, the company has concluded that the additional capital required under our Pillar 2 calculation (based on the aggregation rationale) is £380,000. The company holds £381,420 in Tier 1 capital which comfortably meets the company's fixed overhead requirement. In addition, the company's PI policy provides cover up to £5 million on any one claim which, in the company's opinion, mitigates the need to apportion capital in Pillar 2. Therefore, the company's Pillar 1 requirement is the minimum regulatory capital requirement that we will hold.

### The position of the company at the year end

Having generated a loss after tax for the year of £624,802 (2018: Loss of £759,713), the company has net assets amounting to £381,420 (2018: £401,222) at 31 March 2019 and a reasonable cash position. The directors understand the financial position of the company at the year end and expect to improve this in the future.

### Remuneration policy

The disclosures documented below are in accordance with the Financial Conduct Authority's Senior Management Arrangements, Systems and Controls Sourcebook (SYSC). This document includes information required to be disclosed by the company in order to meet such obligations.

As defined by the Remuneration Code (SYSC 19a), the company is a proportionality level 3 Remuneration Code Firm and as such this disclosure is made in line with the requirements of a level 3 firm.

The following disclosures are required to be made on at least an annual basis regarding the company's remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk portfolio of the firm.

**Renumeration policy (continued)**
The company's remuneration policy aims to remunerate staff members at fixed competitive market rates for the roles they perform. Any variable remuneration is based on performance of duties carried out during the year and the overall performance of the company in line with the current economic climate.

Based on the company's profile, the company considers there to be two business areas within the company which are non-investment advisory and Investment Management. The company has identified that it has 8 code staff during 2019, being the directors and senior personnel whose role impacts the risk portfolio of the company. For the year ended 31 March 2019 the total aggregate remuneration awarded to Code Staff was £723,529.

**Key performance indicators**
Given the straightforward nature of the business, the directors' are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business.

**Further developments**
During the year the Company has transferred its Non-Investment Management (Advisory) business into a separate legal entity.

The Company has received regulatory approvals, to affect a change of control under which its shareholders rearranged their interests with Hanson Investment Lux SA becoming a 50% shareholder, and to add additional shareholders.

On behalf of the board

..............................
Simon Sotomey
Director
23 July 2019
..............................

**Directors' report**
**For the year ended 31 March 2019**

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

**Principal activities**

The principal activity of the company is to provide asset management services which include corporate advisory, wealth management and fund management. Clients include professional and retail investors and institutions. The company is regulated by the Financial Conduct Authority (FCA).

**Directors**

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

| | |
|---|---|
| Kiril Boshov | |
| Assen Christov | (Appointed 6 April 2018) |
| Krasimir Kirov | (Resigned 15 August 2018) |
| Gary Lewis | |
| Vasil Stefanov | (Appointed 6 April 2018) |
| Simon Sotomey | |
| Patrick Teroerde | (Resigned 22 January 2019) |

**Results and dividends**

The results for the year are set out on page 10.

Ordinary dividends of £nil were paid in the year (2018: £nil).

**Auditor**

Saffery Champness LLP have expressed their willingness to remain in office as auditor of the company.

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors have reviewed the company's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements. They have considered liquidity risk, key assumptions and uncertainties. As a result of this assessment, the directors have adopted the going concern basis of accounting for the preparation of these financial statements.

**Statement of disclosure to auditor**

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

On behalf of the board

..............................

Simon Sotomey
Director
Date: 23 July 2019

**Independent auditor's report**
**To the members of Hanson Asset Management Limited**

### Opinion

We have audited the financial statements of Hanson Asset Management Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

**Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

**Use of our report**

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

Saffery Champness LLP

**Roger Weston (Senior Statutory Auditor)**
**for and on behalf of Saffery Champness LLP**

23 July 2019

**Chartered Accountants**
**Statutory Auditors**

71 Queen Victoria Street
London
EC4V 4BE

Hanson Asset Management Limited

## Statement of comprehensive income
**For the year ended 31 March 2019**

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| **Turnover** | 3 | 1,200,122 | 1,103,769 |
| Cost of sales | | (197,281) | (128,279) |
| **Gross profit** | | 1,002,841 | 975,490 |
| Administrative expenses | | (1,699,140) | (1,766,912) |
| Other operating income | | 82,198 | 31,673 |
| **Operating loss** | 5 | (614,101) | (759,749) |
| Interest receivable and similar income | 8 | 7 | 36 |
| Interest payable and similar expenses | 7 | (10,708) | - |
| **Loss before taxation** | | (624,802) | (759,713) |
| Tax on loss | 11 | - | - |
| **Loss for the financial year** | | (624,802) | (759,713) |

The Income Statement has been prepared on the basis that all operations are continuing operations.

Hanson Asset Management Limited

## Statement of financial position
**As at 31 March 2019**

| | Notes | 2019 £ | 2019 £ | 2018 £ | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 9 | | 39,815 | | - |
| Tangible assets | 10 | | 155,972 | | 160,911 |
| | | | 195,787 | | 160,911 |
| **Current assets** | | | | | |
| Debtors | 13 | 464,543 | | 536,648 | |
| Cash at bank and in hand | | 493,586 | | 401,563 | |
| | | 958,129 | | 938,211 | |
| **Creditors: amounts falling due within one year** | 14 | (772,496) | | (697,900) | |
| **Net current assets** | | | 185,633 | | 240,311 |
| **Total assets less current liabilities** | | | 381,420 | | 401,222 |
| **Capital and reserves** | | | | | |
| Called up share capital | 16 | | 9,178 | | 9,176 |
| Share premium account | | | 4,696,563 | | 4,091,565 |
| Profit and loss reserves | | | (4,324,321) | | (3,699,519) |
| **Total equity** | | | 381,420 | | 401,222 |

The financial statements were approved by the board of directors and authorised for issue on 23 JULY 2019 and are signed on its behalf by:

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Simon Sotomey
**Director**

**Company Registration No. 07199183**

Hanson Asset Management Limited

## Statement of changes in equity
## For the year ended 31 March 2019

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|---|---|---|---|---|---|
| **Balance at 1 April 2017** | | 4,590 | 3,461,038 | (2,939,806) | 525,822 |
| **Year ended 31 March 2018:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (759,713) | (759,713) |
| Issue of share capital | **16** | 4,586 | 630,527 | - | 635,113 |
| **Balance at 31 March 2018** | | 9,176 | 4,091,565 | (3,699,519) | 401,222 |
| **Year ended 31 March 2019:** | | | | | |
| Loss and total comprehensive income for the year | | - | - | (624,802) | (624,802) |
| Issue of share capital | **16** | 2 | 604,998 | - | 605,000 |
| **Balance at 31 March 2019** | | 9,178 | 4,696,563 | (4,324,321) | 381,420 |

Hanson Asset Management Limited

## Statement of cash flows
### For the year ended 31 March 2019

| | Notes | £ | 2019 £ | £ | 2018 £ |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash absorbed by operations | 21 | | (400,019) | | (912,310) |
| Interest paid | | | (10,708) | | - |
| **Net cash outflow from operating activities** | | | (410,727) | | (912,310) |
| **Investing activities** | | | | | |
| Purchase of intangible assets | | (50,000) | | - | |
| Purchase of tangible fixed assets | | (52,257) | | (20,795) | |
| Interest received | | 7 | | 36 | |
| **Net cash used in investing activities** | | | (102,250) | | (20,759) |
| **Financing activities** | | | | | |
| Proceeds from issue of shares | | 605,000 | | 635,113 | |
| **Net cash generated from financing activities** | | | 605,000 | | 635,113 |
| **Net increase/(decrease) in cash and cash equivalents** | | | 92,023 | | (297,956) |
| Cash and cash equivalents at beginning of year | | | 401,563 | | 699,519 |
| **Cash and cash equivalents at end of year** | | | 493,586 | | 401,563 |

## 1 Accounting policies

**Company information**

Hanson Asset Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6 Arlington Street, London, SW1A 1RE.

### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

### 1.2 Going concern

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the company not being able to continue as a going concern.

The directors believe that, after making enquires of the parent undertaking, Starcom Holdings AD, they have an expectation that the company has adequate resources to remain a going concern for foreseeable future. The parent company has provided written confirmation to the company outlining their continued financial support for at least 12 months from the date of approval of the financial statements.

### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account discounts.

The company recognises fund and asset management fees in the period in which the service is performed.

Amounts receivable in respect of commissions are recognised when the transaction is entered in to by the client. Commission is treated as refundable as and when it is due back to the provider.

## 1 Accounting policies (continued)

### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

| | |
|---|---|
| Other software | 33% straight line |

### 1.5 Tangible fixed assets

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

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

| | |
|---|---|
| Land and buildings Leasehold | 20% straight line |
| Fixtures, fittings & equipment | 20% straight line |
| Computer equipment | 33% straight line |

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

### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

### 1.7 Cash and cash equivalents

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

## 1 Accounting policies (continued)

### 1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

***Basic financial assets***

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

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Impairment of financial assets***

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**1 Accounting policies (continued)**

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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

***Basic financial liabilities***

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

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

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

***Other financial liabilities***

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

***Derecognition of financial liabilities***

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

## 1 Accounting policies (continued)

### 1.9 Equity instruments

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

### 1.10 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.11 Retirement benefits

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

### 1.12 Leases

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

### 1.13 Foreign exchange

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

## 2 Critical accounting judgements and key sources of estimation uncertainty

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

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

## 3 Turnover and other revenue

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

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Turnover** | | |
| Professional fees | 1,200,122 | 1,103,769 |

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| UK | 815,155 | 899,510 |
| Non UK | 384,967 | 204,259 |
| | 1,200,122 | 1,103,769 |

## 4 Employees

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

| | 2019 | 2018 |
|---|---|---|
| | Number | Number |
| Advisory and fund management services | 10 | 9 |

Their aggregate remuneration comprised:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 834,881 | 867,637 |
| Social security costs | 99,287 | 126,252 |
| Pension costs | 24,536 | 25,327 |
| | 958,704 | 1,019,216 |

## 5 Operating loss

| | 2019 | 2018 |
|---|---|---|
| Operating loss for the year is stated after charging/(crediting): | £ | £ |
| Exchange (losses)/gains | (14,859) | 37,342 |
| Fees payable to the company's auditors for the audit of the company's financial statements | 12,250 | 12,000 |
| Depreciation of owned tangible fixed assets | 57,196 | 41,522 |
| Amortisation of intangible assets | 10,185 | - |

## 6 Directors' remuneration

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Remuneration for qualifying services | 238,333 | 376,917 |
| Company pension contributions to defined contribution schemes | 9,531 | 7,800 |
| | 247,864 | 384,717 |

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

| | | |
|---|---|---|
| Remuneration for qualifying services | 135,195 | 123,124 |

The Directors are considered to be the only key management personnel.

## 7 Interest payable and similar expenses

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Interest on financial liabilities measured at amortised cost:** | | |
| Other interest on financial liabilities | 10,708 | - |

## 8 Interest receivable and similar income

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Interest income** | | |
| Interest on bank deposits | 7 | 36 |

## 9 Intangible fixed assets

| | Other software |
|---|---|
| | £ |
| **Cost** | |
| At 1 April 2018 | - |
| Additions | 50,000 |
| At 31 March 2019 | 50,000 |
| **Amortisation and impairment** | |
| At 1 April 2018 | - |
| Amortisation charged for the year | 10,185 |
| At 31 March 2019 | 10,185 |
| **Carrying amount** | |
| At 31 March 2019 | 39,815 |
| At 31 March 2018 | - |

## 10 Tangible fixed assets

| | Land and buildings Leasehold | Fixtures, fittings & equipment | Computer equipment | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost** | | | | |
| At 1 April 2018 | 176,785 | 26,847 | 42,483 | 246,115 |
| Additions | - | 408 | 51,849 | 52,257 |
| At 31 March 2019 | 176,785 | 27,255 | 94,332 | 298,372 |
| **Depreciation and impairment** | | | | |
| At 1 April 2018 | 35,289 | 22,949 | 26,966 | 85,204 |
| Depreciation charged in the year | 35,353 | 2,694 | 19,149 | 57,196 |
| At 31 March 2019 | 70,642 | 25,643 | 46,115 | 142,400 |
| **Carrying amount** | | | | |
| At 31 March 2019 | 106,143 | 1,612 | 48,217 | 155,972 |
| At 31 March 2018 | 141,496 | 3,898 | 15,517 | 160,911 |

## 11 Taxation

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

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Loss before taxation | (624,802) | (759,713) |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | (118,712) | (144,345) |
| Tax effect of expenses that are not deductible in determining taxable profit | 5,021 | 4,308 |
| Tax effect of income not taxable in determining taxable profit | (7) | (7) |
| Depreciation | 57,196 | 7,889 |
| Capital allowances | (52,257) | (711) |
| Tax losses carried forward | 108,759 | 132,866 |
| Tax expense for the year | - | - |

The company has estimated tax losses of £3m available for carry forward against future profits.

## 12 Financial instruments

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Carrying amount of financial assets** | | |
| Debt instruments measured at amortised cost | 366,094 | 379,177 |
| **Carrying amount of financial liabilities** | | |
| Measured at amortised cost | 724,734 | 697,900 |

## 13 Debtors

| | 2019 | 2018 |
|---|---|---|
| **Amounts falling due within one year:** | £ | £ |
| Trade debtors | 5,736 | 108 |
| Other debtors | 1 | 26 |
| Prepayments and accrued income | 319,306 | 397,014 |
| | 325,043 | 397,148 |

## 13 Debtors (continued)

| **Amounts falling due after more than one year:** | **2019 £** | **2018 £** |
|---|---|---|
| Other debtors | 139,500 | 139,500 |
| **Total debtors** | 464,543 | 536,648 |

## 14 Creditors: amounts falling due within one year

| | **2019 £** | **2018 £** |
|---|---|---|
| Trade creditors | 129,210 | 123,654 |
| Other taxation and social security | 47,762 | 41,761 |
| Other creditors | 97,480 | 103,263 |
| Accruals and deferred income | 498,044 | 429,222 |
| | 772,496 | 697,900 |

## 15 Retirement benefit schemes

| **Defined contribution schemes** | **2019 £** | **2018 £** |
|---|---|---|
| Charge to profit or loss in respect of defined contribution schemes | 24,536 | 25,327 |

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

## 16 Share capital

| | **2019 £** | **2018 £** |
|---|---|---|
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 9,178 ordinary shares of £1 each | 9,178 | 9,176 |

## 16 Share capital (continued)

**Reconciliation of movements during the year:**

| | Ordinary £1 shares Number |
|---|---|
| At 1 April 2018 | 9,176 |
| Issue of fully paid shares | 2 |
| At 31 March 2019 | 9,178 |

During the year ended 31 March 2019, a related party through mutual control, Starcom Holdings AD provided a convertible loan to the company of £300,000. The loan was converted on 16 March 2019 when the company issued 1 Ordinary £1 share at a premium of £299,999.

On 27 March 2019 the company issued 1 Ordinary of £1 only for £305,000 at a premium of £304,999.

## 17 Operating lease commitments

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

| | 2019 £ | 2018 £ |
|---|---|---|
| Within one year | 232,500 | 232,500 |
| Between two and five years | 435,752 | 232,500 |
| In over five years | - | 435,752 |
| | 668,252 | 900,752 |

## 17 Operating lease commitments (continued)

**Lessor**

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Within one year | 77,500 | - |
| Between two and five years | 147,356 | - |
| | 224,856 | - |

## 18 Related party transactions

During the year ended 31 March 2019 the company provided advisory services to its majority shareholder, Starcom Holding AD a company incorporated in Bulgaria for £200,000. At the year end the amount owed by the related party to the company was £nil (2018: £nil).

During the year ended 31 March 2019 the company was provided with a convertible loan of £300,000 by Starcom Holding AD. On 16 March 2019 the loan was converted into 1 Ordinary £1 share. Interest of £10,708 was charged on this loan prior to its conversion.

## 19 Controlling party

The immediate parent company is Starcom Holdings AD, a company incorporated in Bulgaria. The ultimate controlling party is Assen Christov.

## 20 Post balance sheet event

On 28 June 2019 the company issued 1,235 Ordinary shares of £1 each for £350,000.

## 21 Cash generated from operations

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Loss for the year after tax | (624,802) | (759,713) |
| **Adjustments for:** | | |
| Finance costs | 10,708 | - |
| Investment income | (7) | (36) |
| Amortisation and impairment of intangible assets | 10,185 | - |
| Depreciation and impairment of tangible fixed assets | 57,196 | 41,522 |
| **Movements in working capital:** | | |
| Decrease in debtors | 72,105 | 167,436 |
| Increase/(decrease) in creditors | 74,596 | (361,519) |
| **Cash absorbed by operations** | (400,019) | (912,310) |