

# **Channon Holdings Limited**

**Annual Report and Financial Statements**

**Year Ended**

**31 March 2019**

**Company Number 08453606**

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# Channon Holdings Limited

## Company Information

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<b>Directors</b>	Mr G Channon Mr S D Tatters Mrs S Channon (resigned 22 October 2018)
<b>Company secretary</b>	Ms S L Wooler
<b>Registered number</b>	08453606
<b>Registered office</b>	Midland Buildings 19a Briggate Shipley West Yorkshire BD17 7BP
<b>Independent auditor</b>	BDO LLP Statutory Auditors 150 Aldersgate Street London EC1A 4AB

# **Channon Holdings Limited**

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# **Channon Holdings Limited**

## **Group Strategic Report For the Year Ended 31 March 2019**

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### **Introduction**

The Directors present their strategic report and financial statements for Channon Holdings Limited ("the Company") covering the year ended 31 March 2019.

### **Business review**

The Company was incorporated on 20 March 2013 for the sole purpose of taking ownership of Phoenix Asset Management Partners Limited ("PAMP") from Channon & Co Limited.

The Company receives income from its investment in PAMP.

The activities of PAMP are that of an investment management firm using a long term, value investing approach to manage concentrated portfolios based upon its own proprietary research.

Assets under management at 31 March 2019 were £950m (2018: £779m). The rise in assets under management of £171m was due to net gains from positive investment performance and a net increase in subscriptions.

The Phoenix UK Fund, an offshore fund domiciled in the Bahamas, represented 27% (2018: 27%) of the assets under management at 31 March 2019, with pension funds, an endowment and a multi-manager pension scheme making up the rest.

Performance of the Phoenix UK Fund can be found on the website and all accounts run a similar portfolio. In addition to the £6.4m (2018: £6.4m) annual management fee earned on the assets under management, performance fees are earned if the net asset value for the Phoenix UK Fund has increased by the CPI UK inflation rate for the year, or in the case of the pension funds annual returns have outperformed the All Share Index. During the year £0.6m (2018: £14.3m) was earned in performance fees.

PAMP is authorised and regulated by the Financial Conduct Authority.

### **Principal risks and uncertainties**

As the Company's income is wholly derived from its investment in PAMP, the main risk the Company faces relates to a material fall in the underlying profits of PAMP.

The principal risks and uncertainties of PAMP are dependent on the chief investment officer, Gary Channon, continuing to manage the Fund and accounts. The performance of the Fund and accounts can be negative which reduces management fees and potentially eliminates any performance fees. Investors can redeem on fairly short notice, monthly and quarterly, which would result in reduced fee income.

# Channon Holdings Limited

## Group Strategic Report (continued) For the Year Ended 31 March 2019

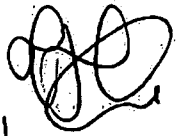
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### Financial key performance indicators

The directors consider the level of assets under management and underlying fund performance to be the Group's primary key performance indicator.

This report was approved by the board and signed on its behalf,

Mr G Channon  
Director



Date:

20/12/19

# Channon Holdings Limited

## Directors' Report For the Year Ended 31 March 2019

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

### Results and dividends

The profit for the year, after taxation and minority interests, amounted to £2,442,996 (2018: £3,258,730).

The Company declared dividends for the year totalling £3,710,520 (2018: £2,277,681).

### Directors

The directors who served during the year were:

Mr G Channon  
Mr S D Tatters  
Mrs S Channon (resigned 22 October 2018)

### Disclosure of information to auditor

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

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

### Future developments

The directors expect the Company and Group to continue to perform profitably.

### Auditor


On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the directors have appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office.

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

This report was approved by the board and signed on its behalf.

Mr G Channon  
Director

Date:

  
20/12/19

# **Channon Holdings Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 March 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Channon Holdings Limited**

## **Independent Auditor's report to Channon Holdings Limited**

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### **Opinion**

We have audited the financial statements of Channon Holdings Limited ("the Parent Company") and its subsidiary ("the Group") for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### **Basis for opinion**

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

### **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.

### **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.



# **Channon Holdings Limited**

## **Independent Auditor's report to Channon Holdings Limited (continued)**

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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 Group Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic report and 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic report and Director's report.

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

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

### **Responsibilities of directors**

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

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

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

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

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

# Channon Holdings Limited

## Independent Auditor's report to Channon Holdings Limited (continued)

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### 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.



**Simon Fowles** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor

United Kingdom

*20 December 2019*

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

# Channon Holdings Limited

## Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	6,984,968	20,666,030
<b>Gross profit</b>		<b>6,984,968</b>	<b>20,666,030</b>
Administrative expenses		(3,685,571)	(5,937,550)
Exceptional administrative expenses		-	(6,885,000)
Fair value movements		-	(2,385)
<b>Operating profit</b>	5	<b>3,299,397</b>	<b>7,841,095</b>
Income from fixed asset investments		25,875	-
Interest receivable and similar income	8	27,940	28,001
Interest payable and expenses	9	(90,824)	-
<b>Profit before taxation</b>		<b>3,262,388</b>	<b>7,869,096</b>
Tax on profit	10	(662,786)	(2,819,486)
<b>Profit for the financial year</b>		<b>2,599,602</b>	<b>5,049,610</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interests		156,606	1,790,880
Owners of the parent Company		2,442,996	3,258,730
		<b>2,599,602</b>	<b>5,049,610</b>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 15 to 30 form part of these financial statements.

**Channon Holdings Limited**  
Registered number: 08453606

**Consolidated Statement of Financial Position**  
**As at 31 March 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	350,000	400,000
Tangible assets	13	994,280	363,043
Investments	14	261,721	218,101
		<u>1,606,001</u>	<u>981,144</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	6,262,645	4,426,843
Current asset investments	16	-	215,481
Cash at bank and in hand	17	1,558,930	4,867,673
		<u>7,821,575</u>	<u>9,509,997</u>
Creditors: amounts falling due within one year	18	(7,361,286)	(6,134,442)
<b>Net current assets</b>		<u>460,289</u>	<u>3,375,555</u>
<b>Total assets less current liabilities</b>		<u>2,066,290</u>	<u>4,356,699</u>
Creditors: amounts falling due after more than one year	19	(27,071)	(1,046,046)
<b>Net assets</b>		<u><u>2,039,219</u></u>	<u><u>3,310,653</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	900	900
Profit and loss account		1,899,944	3,167,468
<b>Equity attributable to owners of the parent Company</b>		<u>1,900,844</u>	<u>3,168,368</u>
Non-controlling interests		138,375	142,285
		<u><u>2,039,219</u></u>	<u><u>3,310,653</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr G Channon  
Director

Date: 20/12/19

The notes on pages 15 to 30 form part of these financial statements.

**Channon Holdings Limited**  
Registered number: 08453606

**Company Statement of Financial Position**  
**As at 31 March 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	931,127	253,387
Investments	14	3,351,722	3,308,102
		<u>4,282,849</u>	<u>3,561,489</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	4,393,900	2,158,906
Cash at bank and in hand	17		186,311
		<u>4,393,900</u>	<u>2,345,217</u>
Creditors: amounts falling due within one year	18	(5,991,567)	(1,019,409)
<b>Net current (liabilities)/assets</b>		<u>(1,597,667)</u>	<u>1,325,808</u>
<b>Total assets less current liabilities</b>		<u>2,685,182</u>	<u>4,887,297</u>
Creditors: amounts falling due after more than one year	19		(1,000,000)
<b>Net assets</b>		<u><u>2,685,182</u></u>	<u><u>3,887,297</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	900	900
Profit and loss account		2,684,282	3,886,397
		<u><u>2,685,182</u></u>	<u><u>3,887,297</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr G Channon  
Director

Date: 20/12/19

The notes on pages 15 to 30 form part of these financial statements.

# Channon Holdings Limited

## Consolidated Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
<b>At 1 April 2017</b>	<b>900</b>	<b>4,420,079</b>	<b>4,420,979</b>	<b>330,255</b>	<b>4,751,234</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	3,258,730	3,258,730	1,790,882	5,049,612
<b>Total comprehensive income for the year</b>	-	3,258,730	3,258,730	1,790,882	5,049,612
Dividends: Equity capital	-	(2,277,681)	(2,277,681)	-	(2,277,681)
Dividends paid in respect of PAMP	-	-	-	(1,222,512)	(1,222,512)
Increased investment in PAMP	-	(2,233,660)	(2,233,660)	(756,340)	(2,990,000)
<b>Total transactions with owners</b>	-	(4,511,341)	(4,511,341)	(1,978,852)	(6,490,193)
<b>At 1 April 2018</b>	<b>900</b>	<b>3,167,468</b>	<b>3,168,368</b>	<b>142,285</b>	<b>3,310,653</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	2,442,996	2,442,996	156,606	2,599,602
<b>Total comprehensive income for the year</b>	-	2,442,996	2,442,996	156,606	2,599,602
Dividends: Equity capital	-	(3,710,520)	(3,710,520)	-	(3,710,520)
Dividends paid in respect of PAMP	-	-	-	(160,516)	(160,516)
<b>Total transactions with owners</b>	-	(3,710,520)	(3,710,520)	(160,516)	(3,871,036)
<b>At 31 March 2019</b>	<b>900</b>	<b>1,899,944</b>	<b>1,900,844</b>	<b>138,375</b>	<b>2,039,219</b>

The notes on pages 15 to 30 form part of these financial statements.

# Channon Holdings Limited

## Company Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 April 2017</b>	<b>900</b>	<b>2,555,799</b>	<b>2,556,699</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,608,279	3,608,279
	-	3,608,279	3,608,279
<b>Total comprehensive income for the year</b>			
Dividends: Equity capital	-	(2,277,681)	(2,277,681)
	-	(2,277,681)	(2,277,681)
<b>At 1 April 2018</b>	<b>900</b>	<b>3,886,397</b>	<b>3,887,297</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,508,405	2,508,405
	-	2,508,405	2,508,405
<b>Total comprehensive income for the year</b>			
Dividends: Equity capital	-	(3,710,520)	(3,710,520)
	-	(3,710,520)	(3,710,520)
<b>At 31 March 2019</b>	<b>900</b>	<b>2,684,282</b>	<b>2,685,182</b>

The notes on pages 15 to 30 form part of these financial statements.

# Channon Holdings Limited

## Consolidated Statement of Cash Flows For the Year Ended 31 March 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,599,602	5,049,610
<b>Adjustments for:</b>		
Amortisation of intangible assets	50,000	50,000
Depreciation of tangible assets	54,556	67,691
Interest paid	90,824	-
Interest received	(27,940)	(28,001)
Taxation charge	662,786	2,819,486
(Increase) in debtors	(1,835,800)	(864,809)
(Decrease)/increase in creditors	(3,220,225)	4,501,034
Corporation tax (paid)	(1,714,486)	(2,078,300)
Unpaid increased investment in PAMP	-	(1,992,921)
<b>Net cash generated from operating activities</b>	<b>(3,340,683)</b>	<b>7,523,790</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(8,052)	(50,965)
Construction in progress	(677,741)	(253,387)
Purchase of unlisted and other investments	(43,620)	(1,087,256)
Sale of unlisted and other investments	215,481	-
Interest received	27,940	28,001
<b>Net cash from investing activities</b>	<b>(485,992)</b>	<b>(1,363,607)</b>



# Channon Holdings Limited

## Consolidated Statement of Cash Flows (continued) For the Year Ended 31 March 2019

	2019 £	2018 £
<b>Cash flows from financing activities</b>		
Dividends paid	(3,710,520)	(2,277,684)
Interest paid	(90,824)	-
Dividends paid to non controlling interests	(160,516)	(1,358,521)
<b>Net cash used in financing activities</b>	<b>(3,961,860)</b>	<b>(3,636,205)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,788,535)</b>	<b>2,523,978</b>
Cash and cash equivalents at beginning of year	4,867,673	2,343,695
<b>Cash and cash equivalents at the end of year</b>	<b>(2,920,862)</b>	<b>4,867,673</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,558,930	4,867,673
Bank overdrafts	(4,479,792)	-
	<b>(2,920,862)</b>	<b>4,867,673</b>

The notes on pages 15 to 30 form part of these financial statements.

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

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### 1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Group's transactions are denominated. They comprise the financial statements of the Company and its subsidiaries for the year ended 31 March 2019 and are presented to the nearest pound.

The continuing activities of Channon Holdings Limited is that of a holding company. The principal activities of the Group are disclosed on page 1.

The Company is a United Kingdom private company limited by shares and is incorporated in England. The address of its registered office and principle place of business is Midland Buildings, 19a Briggate, Shipley, West Yorkshire, BD17 7BP.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

# **Channon Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **2. Summary of significant accounting policies (continued)**

#### **2.3 Foreign currency translation**

##### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

#### **2.4 Revenue**

Turnover from management fees is earned and recognised on an accruals basis by spreading the income over the year to which it relates. Performance fees are recognised on the date that they crystallise.

#### **2.5 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **2.6 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

#### **2.7 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.8 Pensions

##### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

#### 2.9 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.10 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over 10 years.

#### 2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	- 33% per annum
Motor vehicles	- 25% per annum
Fixtures & fittings	- 33% per annum
Plant and machinery	- 33% per annum
Cycle scheme	- 50% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

#### 2.12 Valuation of investments

Current asset investments represent a portfolio of listed securities held for resale and cash, and are stated at fair value being readily available market value with any revaluation taken to profit or loss.

Fixed asset investments represent investments in subsidiaries and an unlisted entity, and are stated at the lower of cost and net realisable value, with any provision for impairment below cost or reversal of provision for impairment taken to the income statement.

#### 2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

#### 2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 2. Summary of significant accounting policies (continued)

#### 2.16 Financial instruments

Financial instruments are recognised on the balance sheet when the Group becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price. The fair value of current asset investments is determined with reference to publicly available market prices. The movement in fair value at each year end is recognised in the income statement.

#### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Due to the simplicity of the Company and Group's transaction streams and year end financial position, the directors consider, other than covered in 2.10 above, there to be no critical judgements, estimates or assumptions in the preparation of these financial statements.

### 4. Turnover

Turnover is split between that received from within the UK £3,952,546 (2018: £12,200,927) and that received from outside the UK, being Bahamas based funds £3,032,422 (2018: £8,465,103).

### 5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed asset	54,556	67,690
Amortisation of intangible assets, including goodwill	50,000	50,000
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	22,750	23,316
Taxation compliance services	14,155	11,100
Other operating lease rentals	116,447	77,000
Defined contribution pension cost	89,844	14,405
Write off related entity balance	-	6,885,000

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Staff salaries	1,635,125	3,550,842	-	-
Social security costs	487,302	440,187	-	-
Cost of defined contribution scheme	89,844	14,405	-	-
	<u>2,212,271</u>	<u>4,005,434</u>		

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administrative/compliance	7	7
Fund management	9	7
	<u>16</u>	<u>14</u>

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL)

### 7. Directors' remuneration

	2019 £	2018 £
Directors emoluments	445,650	659,200
Company's contributions to defined benefit pension schemes	4,755	4,630
	<u>450,405</u>	<u>663,830</u>

During the year retirement benefits were accruing to 1 director (2018: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £255,205 (2018: £409,295).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2018: £9,260).

There were no key management personnel other than the directors.

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 8. Interest receivable

	2019 £	2018 £
Loan interest receivable (note 24)	<u>27,940</u>	<u>28,001</u>

### 9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	<u>90,824</u>	<u>-</u>

### 10. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	662,786	2,819,486
<b>Total current tax</b>	<u>662,786</u>	<u>2,819,486</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>3,262,388</u>	<u>7,869,096</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	619,854	1,495,128
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	45,526	1,321,915
Capital allowances for year in excess of depreciation	6,906	2,749
Qualifying expenses	(9,500)	(306)
<b>Total tax charge for the year</b>	<u>662,786</u>	<u>2,819,486</u>



# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 11. Dividends

	2019 £	2018 £
Dividends declared on equity capital	<u>3,710,520</u>	<u>2,277,681</u>

### 12. Intangible assets

#### Group and Company

	Goodwill £
<b>Cost</b>	
At 1 April 2018	500,000
At 31 March 2019	<u>500,000</u>
<b>Amortisation</b>	
At 1 April 2018	100,000
Charge for the year	50,000
At 31 March 2019	<u>150,000</u>
<b>Net book value</b>	
At 31 March 2019	<u>350,000</u>
At 31 March 2018	<u>400,000</u>

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 13. Tangible fixed assets

#### Group

	Short-term leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Other fixed assets £
<b>Cost or valuation</b>					
At 1 April 2018	282,343	187,408	112,718	81,856	4,728
Additions	682,094	-	-	3,699	-
At 31 March 2019	964,437	187,408	112,718	85,555	4,728
<b>Depreciation</b>					
At 1 April 2018	14,577	155,286	63,404	68,258	4,485
Charge for the year on owned assets	-	18,480	-	7,689	208
Charge for the year on financed assets	-	-	28,179	-	-
At 31 March 2019	14,577	173,766	91,583	75,947	4,693
<b>Net book value</b>					
At 31 March 2019	949,860	13,642	21,135	9,608	35
At 31 March 2018	267,766	32,122	49,314	13,598	243

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 13. Tangible fixed assets (continued)

	Total £
<b>Cost or valuation</b>	
At 1 April 2018	669,053
Additions	685,793
At 31 March 2019	<u>1,354,846</u>
<b>Depreciation</b>	
At 1 April 2018	306,010
Charge for the year on owned assets	26,377
Charge for the year on financed assets	28,179
At 31 March 2019	<u>360,566</u>
<b>Net book value</b>	
At 31 March 2019	<u>994,280</u>
At 31 March 2018	<u>363,043</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Motor vehicles	<u>21,135</u>	<u>49,314</u>

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 13. Tangible fixed assets (continued)

#### Company

	Short-term leasehold property £
<b>Cost or valuation</b>	
At 1 April 2018	253,387
Additions	677,740
At 31 March 2019	<u>931,127</u>
At 31 March 2019	<u>-</u>
<b>Net book value</b>	
At 31 March 2019	<u>931,127</u>
At 31 March 2018	<u>253,387</u>

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 14. Fixed asset investments

#### Group

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 April 2018	218,101
Additions	43,620
At 31 March 2019	<u>261,721</u>

#### Company

	Unlisted Investments £
<b>Cost or valuation</b>	
At 1 April 2018	3,308,102
Additions	43,620
At 31 March 2019	<u>3,351,722</u>

At the year end, the Company held an 11% (2018: 9%) holding on of the ordinary share capital of Channon Contrustion Limited.

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Phoenix Asset Management Partners Limited	64-66 Glenthams Road, Barnes, London, SW13 9JJ	Fund management services	Ordinary	94.34%
Mars Asset Management Limited*	Mermaid House, 2 Puddle Dock, London, England, EC4V 3DB	Ceased trading	Ordinary	100%

\*Mars Asset Management Limited was owned by Phoenix Asset Management Partners Limited, and was dissolved on 19 May 2019.

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 14. Fixed asset investments (continued)

#### Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Phoenix Asset Management Partners Limited	2,444,038	2,766,301

### 15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	1,445,310	1,064,435	-	-
Other debtors	4,431,837	1,473,470	4,393,000	1,438,000
Called up share capital not paid	900	900	900	900
Prepayments and accrued income	384,598	1,888,038	-	720,006
	<u>6,262,645</u>	<u>4,426,843</u>	<u>4,393,900</u>	<u>2,158,906</u>

### 16. Current asset investments

	Group 2019 £	Group 2018 £
Listed investments	-	215,481

### 17. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	1,558,930	4,867,673	-	186,311
Less: bank overdrafts	(4,479,792)	-	(4,479,792)	-
	<u>(2,920,862)</u>	<u>4,867,673</u>	<u>(4,479,792)</u>	<u>186,311</u>

The overdraft is secured against a guarantee for £4,500,000.

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 18. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	4,479,792	-	4,479,792	-
Trade creditors	100,582	771,976	1,275	7,320
Corporation tax	357,786	1,409,486	-	3,089
Other taxation and social security	82,152	-	-	-
Obligations under finance lease and hire purchase contracts	18,976	18,976	-	-
Other creditors	1,500,000	1,782,028	1,500,000	1,000,000
Accruals and deferred income	821,998	2,151,976	10,500	9,000
	<u>7,361,286</u>	<u>6,134,442</u>	<u>5,991,567</u>	<u>1,019,409</u>

The Company's bank has two guarantees in place as security for the overdraft facility offered to the Company.

### 19. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Net obligations under finance leases and hire purchase contracts	27,071	46,046	-	-
Other creditors	-	1,000,000	-	1,000,000
	<u>27,071</u>	<u>1,046,046</u>	<u>-</u>	<u>1,000,000</u>

### 20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £
Within one year	18,976	18,976
Between 1-5 years	27,071	46,046
	<u>46,047</u>	<u>65,022</u>

# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 21. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
<b>Financial assets</b>				
Investments in unlisted investments	261,721	218,101	3,351,722	3,308,102
Financial assets measured at fair value through profit or loss	-	215,481	-	-
Financial assets measured at amortised cost	7,745,917	8,926,125	4,393,000	2,345,218
	<u>8,007,638</u>	<u>9,359,707</u>	<u>7,744,722</u>	<u>5,653,320</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(6,948,419)	(5,771,002)	(5,991,567)	(2,016,320)

Financial assets that are measured at amortised cost comprise cash, trade debtors and amounts due from related parties.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and bank overdraft.

### 22. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
900 (2018 - 900) ordinary shares of £1.00 each	<u>900</u>	<u>900</u>

### 23. Commitments under operating leases

At 31 March 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	90,000	90,000
Later than 1 year and not later than 5 years	360,000	450,000
Later than 5 years	82,500	360,000
	<u>532,500</u>	<u>900,000</u>



# Channon Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 24. Related party transactions

Mr G Channon is a director and majority shareholder in Channon & Co (C&Co) Limited. During the year, C&Co recharged office administration expenses amounting to £48,942 (2018: £22,935).

There was £709 (2018: £1,605) due from C&Co at the year end.

During the year, the Company issued funding of £2,955,000 (2018: £6,885,000) to C&Co. The prior period balance was not deemed recoverable and was written off.

Mr G Channon is a director in Channon Construction Limited (CCL) and Channon Investments Limited (CIL). The Company issued loans of £1,459,000 (2018: £1,459,000) to CCL and £865,000 (2018: £865,000) to CIL. Each loan is repayable on demand and carries interest of 3.5% and 2% respectively. The Company received loan interest of £10,812 (2018: £10,812) from CCL and £17,128 (2018: £17,218) from CIL. Total loans outstanding at the year end were £865,000 (2018: £865,000) and £573,000 (2018: £573,000) from CCL and CIL respectively.

Mr G Channon is also a director of Wedding List Solutions Limited ("WLS"). At the year end, WLS owed the group £Nil (2018: £2,062).

Mr S Tatters is the director of Phoenix UK Fund ('the fund'). Phoenix Asset Management Limited is the investment manager to the fund. Management and performance fees earned during the year were £2,025,184 (2018: £2,150,376) and £55,948 (2018: £5,442,228) respectively. The amount due from the fund, including both trade debtors and accrued income at the year end was £268,854 (2018: £1,394,626).

During the year, loans amounting to £1,500,000 (2018: £nil) were made to Phoenix Asset Management Partners Limited (PAMP). There were no amounts due from PAMP at the year end (2018: £nil).

### 25. Controlling party

The Ultimate Controlling Party is Mr G Channon.

### 26. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil for the Group and Company (2018: £197,224).