

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

Company No. 03048100



**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

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**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**COMPANY INFORMATION**

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**COMPANY NUMBER** 03048100

**DIRECTORS** John Kyle Stone  
John Robert Simmonds  
Michael Pace Balzan  
Nigel Patrick John Green  
Stephen Blaney

**REGISTERED OFFICE** 28 St James's Square  
London, SW1Y 4JH  
United Kingdom

## BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

### STRATEGIC REPORT FOR THE YEAR END 31 DECEMBER 2018

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#### INTRODUCTION

The company's principal activity during the year continued to be the provision of regulated investment, pensions and insurance mediation services to British nationals living in the UK and overseas. The company is authorised and regulated by the Financial Conduct Authority having license number 179731.

#### BUSINESS REVIEW

The state of the company's affairs is as shown in the attached financial statements. Both the level of business and the year end financial position were satisfactory. The directors expect that the company will continue to trade profitably in the future.

The company's existing business continues to grow steadily.

During the year under review the directors paid a dividend of €1,251,723 (2017: €2,676,944). The Company generated a profit for the year of €4,113,213 (2017: €3,887,730) which has led to retained profits being carried forward of €8,002,434 (2017: €5,140,944).

#### PRINCIPAL RISKS AND UNCERTAINTIES

We believe the company is well placed to continue to grow steadily in our markets without incurring any financing strain. There are no major changes proposed in our principal activities in the next year. The company remains liquid and profitable. The company is not subject to normal price, credit or liquidity and cashflow risks. The company operates in a manner whereby cashflow is generated to meet existing liabilities.

#### FINANCIAL KEY PERFORMANCE INDICATORS

Revenue for the year remained in line with the previous year as a result of increased new business generated which was compensated by adverse market fluctuations, which effected the company's recurring income.

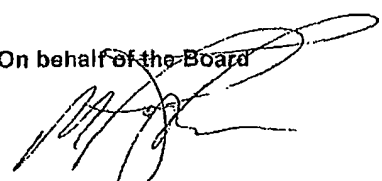
In terms of expenditure this has increased from the previous year which is in line with the Board of Directors' plans and in line with its growth plan to increase revenue in the long term.

The Directors are confident that the performance of the company will continue to improve for the foreseeable future and the company has shown that it can continue to operate efficiently through some turbulent times.

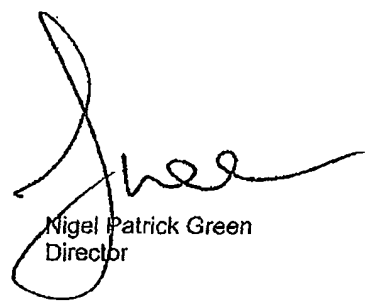
#### NON-FINANCIAL KEY PERFORMANCE INDICATORS

Over the years there has been a continuous change in laws and regulations which includes proposed changes emanating from the 4<sup>th</sup> AML Directive, GDPR and the Insurance Distribution Directive amongst others and the Company has kept abreast with all proposed changes, changing the way the Company operates to ensure that it is compliant at all times.

On behalf of the Board

  
Michael Pace Balzan  
Director

Date: 17 APRIL 2019

  
Nigel Patrick Green  
Director

## **BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

### **REPORT OF THE DIRECTORS**

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#### **Directors and their interests**

The directors who served during the period were as follows:-

John K. Stone  
John R. Simmonds  
Michael Pace Balzan  
Stephen Blaney  
Nigel Green

#### **Future Developments**

There are further plans to continue growing the business by attracting new clients in the markets we operate.

#### **Statement of Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved:

- There is no relevant audit information of which the company's auditors are unaware,
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information, and

#### **Auditors**

Pursuant to a written resolution of the members, the company has dispensed with the holding of Annual General Meeting, the requirement to lay accounts at such meetings, and the obligation to appoint auditors annually. Haslers, Chartered Accountants will therefore continue to act as auditors.

On behalf of the Board

  
Director: Michael Pace Balzan

  
Director: Nigel Patrick Green

Date: 19 APRIL 2019

## **BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

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#### **OPINION**

We have audited the financial statements of Blevins Franks Financial Management Limited (the 'Company') for the year ended 31 December 2018, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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).

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **BASIS OF 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

## **BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

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#### **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 Auditors' 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.

#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

#### **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 or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 on page 3, 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.

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLEVINS FRANKS FINANCIAL  
MANAGEMENT LIMITED**

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**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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



Charalambos Patsalides (Senior statutory auditor)

for and on behalf of  
**Haslers**

Chartered Accountants  
Statutory Auditor

Old Station Road  
Loughton  
Essex  
IG10 4PL

Date: 17 April 2019



**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**PROFIT AND LOSS ACCOUNT**  
For the period ended 31 December 2018

	Notes	2018 €	2017 €
Turnover	2	31,707,715	31,413,579
Direct costs		<u>(9,041,511)</u>	<u>(9,529,511)</u>
Gross Profit		22,666,204	21,884,068
Administrative expenses		<u>(17,462,221)</u>	<u>(15,889,704)</u>
Other operating income		<u>279,885</u>	<u>261,854</u>
Operating profit	3	<u>5,483,868</u>	<u>6,256,218</u>
Profit on Ordinary Activities Before Taxation		5,483,868	6,256,218
Tax on profit on ordinary activities	6	<u>(1,350,648)</u>	<u>(2,368,488)</u>
Retained Profit For The Year		<u><u>4,133,220</u></u>	<u><u>3,887,730</u></u>

All amounts relate to continuing activities. There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

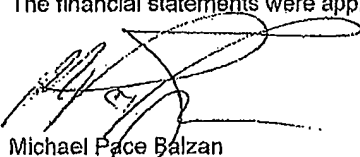
The above also represents the statement of comprehensive income.

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**BALANCE SHEET**  
**COMPANY NUMBER 03048100**  
**As at 31 December 2018**

	Notes	2018 €	2018 €	2017 €	2017 €
<b>Non Current Assets</b>					
Tangible fixed assets	7		325,744		400,859
Deferred tax asset	18		<u>100,615</u>		<u>-</u>
			<b>426,359</b>		<b>400,859</b>
<b>Current Assets</b>					
Debtors	8	12,320,286		12,769,130	
Cash at bank and in hand		<u>4,688,419</u>		<u>2,098,849</u>	
		<b>17,008,705</b>		<b>14,867,979</b>	
Creditors: Amounts falling due within one year	9	<u>(9,072,439)</u>		<u>(9,911,817)</u>	
<b>Net Current Assets</b>			<b>7,936,266</b>		<b>4,956,162</b>
<b>Total assets less current liabilities</b>			<u><b>8,362,625</b></u>		<u><b>5,357,021</b></u>
<b>Provision for liabilities and charges</b>					
Claims provision	10		<u>(134,507)</u>		<u>(10,400)</u>
<b>Net Assets</b>			<u><b>8,228,118</b></u>		<u><b>5,346,621</b></u>
<b>Capital and reserves</b>					
Called up share capital	11		239,889		239,889
Currency translation reserve			<u>(34,212)</u>		<u>(34,212)</u>
Profit and loss account	12		<u>8,022,441</u>		<u>5,140,944</u>
<b>Equity Shareholders' Funds</b>			<u><b>8,228,118</b></u>		<u><b>5,346,621</b></u>

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

  
Michael Pace Balzan  
Director

  
Nigel Patrick Green  
Director

Date: 17 APRIL 2019

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2018

	<b>Called up Share Capital</b>	<b>Currency translation reserve</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>At 1st January 2017</b>	<b>239,889</b>	<b>(34,212)</b>	<b>3,930,158</b>	<b>4,135,835</b>
Profit for the period	-	-	3,887,730	3,887,730
Dividends paid	-	-	(2,676,944)	(2,676,944)
<b>At 31st December 2017</b>	<b>239,889</b>	<b>(34,212)</b>	<b>5,140,944</b>	<b>5,346,621</b>
Profit for the period	-	-	4,133,220	4,133,220
Dividends paid	-	-	(1,251,723)	(1,251,723)
<b>At 31st December 2018</b>	<b>239,889</b>	<b>(34,212)</b>	<b>8,022,441</b>	<b>8,228,118</b>

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**CASH FLOW STATEMENT**  
For the year ended 31 December 2018

	Notes	2018 €	2017 €
<b>Cash flow from operating activities</b>	13	<b>5,361,664</b>	<b>3,620,692</b>
Taxation paid		(1,352,500)	(2,387,361)
<b>Net cash generated from operating activities</b>		<b>4,009,164</b>	<b>1,233,331</b>
<b>Cash flow from investing activities</b>			
Payments to acquire fixed assets		(167,871)	(199,583)
<b>Net cash used from investing activities</b>		<b>(167,871)</b>	<b>(199,583)</b>
<b>Cash flow from financing activities</b>			
Dividends paid		(1,251,723)	(2,676,944)
<b>Net cash used from financing activities</b>		<b>(1,251,723)</b>	<b>(2,676,944)</b>
<b>Net movement in cash and cash equivalents</b>		<b>2,589,570</b>	<b>(1,643,196)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,098,849</b>	<b>3,742,045</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>4,688,419</b>	<b>2,098,849</b>
Cash and cash equivalents consist of:			
Cash at bank and in hand		4,688,419	2,098,849

## BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018

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#### 1. Summary of significant accounting policies

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

##### General information

Blevins Franks Financial Management Limited is a private company limited by shares domiciled in England and Wales registration number 03048100. The registered office is 28 St.James's Square, London, SW1Y 4JH. The principal activity of the company continued to be that of wealth management.

##### 1.1 Basis of preparation

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 management to exercise judgment in applying the Company's accounting policies.

##### 1.2 Foreign Currency translation

###### *a. Functional and presentation currency*

Items included in these financial statements are measured and disclosed using the currency of the primary economic environment in which the entity operates ('the functional and presentation currency'). The Euro is the company's functional currency.

###### *b. Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account within income within 'other operating income/ (expense)'.

##### 1.3 Tangible fixed assets

All property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, as follows:

	% per annum	method
Computer and software	33 $\frac{1}{3}$ %	straight line
Fixtures and fittings	15 - 33%	straight line
Equipment	25%	straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

## BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018

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

##### 1.3 Tangible fixed assets (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with carrying amount and are recognised within 'administrative expenses' in profit or loss.

##### 1.4 Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

##### 1.5 Trade debtors and other receivables

Trade debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade debtors and other receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade debtors and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'administrative expenses'. When a receivable is uncollectible, it is written off against the allowance account for trade debtors and other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

##### 1.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value. In the statement of cash flows, cash and cash equivalents comprises deposits held at call with banks.

##### 1.7 Trade creditors and other payables

Trade creditors comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

##### 1.8 Current tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

## BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018

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

##### 1.9 Revenue recognition

Revenue represents the invoiced amount of fees and services provided (stated net of value added tax) and commissions receivable.

Fees charged are recognised as income when chargeable and commissions are recognised as income when policies are on risk.

Provision is made for commission likely to be repayable in respect of lapsed policies.

##### 1.10 Share based compensation

The Blevins Franks Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the parent company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date, and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the parent company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

##### 1.11 Pensions

The company makes contributions to individual pension schemes of certain employees on a defined contribution basis. The pension cost charge in the profit and loss account represents contributions payable by the company.

##### 1.12 Claims Provision

Within the accounts a general provision and a specific provision for any claims against the company arising in the normal course of business have been included.

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**1. Summary of significant accounting policies (continued)**

**1.13 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**1.14 Financial Instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

**2. TURNOVER**

Approximately 90% (2017: 90%) of the turnover was derived from EU countries outside the United Kingdom.

**3. OPERATING PROFIT**

	2018	2017
	€	€
The operating profit is stated after charging:		
Directors' emoluments excluding pension contributions	991,316	930,714
Auditors' remuneration	52,504	37,500
Depreciation	242,986	254,878
Operating lease rentals	<u>731,294</u>	<u>518,340</u>

**4. STAFF COSTS**

	2018	2017
	€	€
Total remuneration of employees, including directors, was:		
Wages and salaries	9,332,651	8,278,170
Social security costs	703,507	510,872
Share based compensation	384,003	535,250
Deferred bonus scheme	516,621	605,362
Staff pension costs	<u>68,839</u>	<u>85,532</u>
	<u>11,005,621</u>	<u>10,015,186</u>

The average monthly number of employees, including the directors, during the period was:

	2018	2017
	Number	Number
Management	5	5
Administration	<u>139</u>	<u>109</u>
	<u>144</u>	<u>114</u>



**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**4. STAFF COSTS - CONTINUED**

*Share-based compensation*

Share options in respect of shares in the parent company are granted to directors and to selected employees. The exercise price of the granted options is equal to GBP1.00. The share options may only be exercised upon certain events taking place such as immediately before quotation or sale or change in control of the parent company. Unexercised share options may also lapse if certain conditions are met. One of these conditions is if the directors and the selected employees to whom such share options are granted leave their employment with the company (other than as a result of retirement or ill health or in any other circumstance in which the Directors determine that the employee is just the same a 'good leaver'). The parent company has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	12-month period ended 31 December 2018		12-month period ended 31 December 2017	
	Average exercise price per share option	Options	Average exercise price per share option	Options
Opening balance	1.00	912,000	1.00	912,000
Closing balance	1.00	912,000	1.00	912,000

In relation to the period ended 31 December 2018 and 2017 no further share options were granted. The total release of the share options granted in relation to services rendered in previous years amounts to €384,003 (2017: €535,250) and has been accounted for in the current year financial statements for the period ended 31 December 2018.

All 912,000 options (2017: 912,000) were exercisable subject to certain events taking place as referenced and noted above and such share options do not carry an expiry date. There were no share options that were forfeited, exercised or that expired in the year to 31 December 2018 and 2017 and the exercise price of all options at 31 December 2018 is GBP 1.00 (2017: GBP1.00).

The weighted average fair value of options granted in the previous year was determined using the Black-Scholes valuation model of GBP3.07 per option (2017: GBP 3.07). The significant inputs into the model were:

- the estimated weighted average share price of GBP4.06 (2017: GBP4.06) at the grant date;
- exercise price shown above;
- volatility of 34%;
- period as to when the share options are expected to be exercised which stands at .67 years as at 31 December 2018 (2017: 1.67 years);
- probability of the directors and selected employees remaining with the company which probabilities ranged from 50% to 85% (2017: 50% to 85%); and
- a compounded risk-free interest rate of 0.097% (2017: 0.097%).

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**5. DIRECTORS' EMOLUMENTS**

	2018	2017
	€	€
Emoluments in respect of qualifying services	<u>991,316</u>	<u>930,714</u>

The highest paid director received remuneration of €429,514 (2017 - €401,506).

No directors are accruing benefits under money purchase schemes.

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2018	2017
	€	€
United Kingdom corporation tax based on profit for the year:		
Corporation tax	<u>1,350,648</u>	<u>2,368,489</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are due to the following:

	2018	2017
	€	€
Profit on ordinary activities before taxation	<u>5,483,868</u>	<u>6,256,218</u>
Tax at standard rate of 19% (2017: 19%)	1,041,935	1,188,681
Non deductible expenses	79,277	94,679
Additional tax paid for prior years	-	573,680
Additional tax due to higher rates paid in Malta	296,956	571,691
Tax allowances	(44,409)	(50,892)
Other differences	<u>(23,111)</u>	<u>(9,350)</u>
Tax charge for the period	<u>1,350,648</u>	<u>2,368,489</u>

In 2017 additional tax of €573,680 related to tax paid on profits arising in 2015. This was triggered as a result of tax refunds received by another Group Company which only becomes payable to HMRC upon receipt of refunds.

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**7. TANGIBLE FIXED ASSETS**

	Computer and software €	Fixtures, fittings and equipment €	Total €
<b>Cost:</b>			
As at 1 January 2018	1,305,040	1,283,634	2,588,674
Additions	87,771	80,100	167,871
As at 31 December 2018	<u>1,392,811</u>	<u>1,363,734</u>	<u>2,756,545</u>
<b>Depreciation:</b>			
As at 1 January 2018	1,052,424	1,135,391	2,187,815
Charge for the year	169,971	73,015	242,986
As at 31 December 2018	<u>1,222,395</u>	<u>1,208,406</u>	<u>2,430,801</u>
<b>Net Book Value:</b>			
As at 31 December 2018	<u>170,416</u>	<u>155,328</u>	<u>325,744</u>
As at 31 December 2017	<u>252,616</u>	<u>148,243</u>	<u>400,859</u>

**8. DEBTORS**

	2018 €	2017 €
<b>Amounts falling due within one year:</b>		
Trade debtors	5,669,583	6,095,636
Other debtors	566,676	389,533
Amounts due from related companies	5,229,718	5,206,490
Prepayments and accrued income	<u>854,309</u>	<u>1,077,471</u>
	<u>12,320,286</u>	<u>12,769,130</u>

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**9. CREDITORS**

	2018	2017
	€	€
<b>Amounts falling due within one year:</b>		
Trade creditors	51,074	390,522
Corporation tax	2,456,845	2,365,138
Amounts due to related parties	2,803,681	3,674,483
Other creditors	7,879	41,061
Other social security costs	242,040	198,997
Accruals and deferred income	3,510,920	3,248,667
	<u>9,072,439</u>	<u>9,918,868</u>

**10. PROVISIONS FOR LIABILITIES AND CHARGES**

	2018	2017
	€	€
<b>Claims Provision</b>		
At beginning of the period	10,400	28,476
Provided for during the period	129,107	-
Settled during the period	<u>(5,000)</u>	<u>(18,076)</u>
At end of the period	<u>134,507</u>	<u>10,400</u>

In the normal course of business there are outstanding claims against the company. In the directors' opinion the specific provision at year end is sufficient to meet the claims which may arise. The above claims are expected to be paid within the next twelve months and none of the costs will be reimbursed.

**11. SHARE CAPITAL**

	2,018	2,017
	€	€
<b>Allotted, called up and fully paid</b>		
185,000 Ordinary shares of £1 (being €1.2967) each	<u>239,889</u>	<u>239,889</u>

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**12. RESERVES**

a) Currency translation reserve

The currency translation reserve is the reserve calculated when the accounts were previously converted from GBP to Euro.

b) Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

**13. NET CASH GENERATED FROM OPERATING ACTIVITIES**

	2018 €	2017 €
Operating profit	5,483,868	6,256,218
Adjustments:		
Depreciation	242,986	254,878
Share based compensation	384,003	535,250
Changes in working capital:		
Decrease / (Increase) in debtors	64,841	(5,117,863)
(Decrease) / Increase in creditors	(814,034)	1,692,209
<b>Cash generated from operations</b>	<u><u>5,361,664</u></u>	<u><u>3,620,692</u></u>

**14. ANALYSIS OF CHANGES IN NET FUNDS**

	As at 1 January 2018 €	Cash flow €	As at 31 December 2018 €
Changes during the period:			
Cash at bank and in hand	<u><u>2,098,849</u></u>	<u><u>2,589,570</u></u>	<u><u>4,688,419</u></u>

# BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2018

### 15. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to €68,839 (2017: €85,532). The contributions outstanding at the balance sheet date amounted to €15,232 (2017: €10,993).

### 16. RELATED PARTY TRANSACTIONS

All companies forming part of Blevins Franks Group Limited are considered by the directors to be related parties.

Year-end balances owed by or to related parties are disclosed in note 8 & 9 of the financial statements.

The balances due from related parties were as follows:

	2018 €	2017 €
Entities under common control	<u>5,229,718</u>	<u>1,532,007</u>

Details of the transactions between the companies were: -

	2018 €	2017 €
<b>Income</b>		
Payroll expenses recharged to a related company	1,246,637	1,172,485
Other administrative expenses recharged to a related company	<u>-</u>	<u>288,078</u>
<b>Expenditure</b>		
Share based compensation recharged by related party	(384,003)	(535,250)
Professional fees recharged by a related company	<u>(879,030)</u>	<u>(800,559)</u>

During the year the company paid out a dividend of €1,251,723 (2017: €2,676,944) to the shareholders.

### 17. CONTINGENT LIABILITIES

The company is included in a group registration for Value Added Tax with Blevins Franks Tax Limited. Blevins Franks Financial Management Limited is the lead company in the Value Added Tax group. At the balance sheet date, the total balance due to HM Revenue & Customs under the group registration was €6,548 (2017: €7,418).

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

**17. FINANCIAL INSTRUMENTS**

	As at 31 December 2018 €	As at 31 December 2017 €
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	4,688,419	2,098,849
Financial assets that are debt instruments measured at amortised cost	11,465,977	11,691,659
	<u>16,154,396</u>	<u>13,790,508</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>2,862,634</u>	<u>4,106,066</u>

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors. The amounts also includes balances owed from group companies

Financial liabilities measured at amortised cost comprise trade creditors and other creditors. The amounts also includes balances owed to group companies.

**18. DEFERRED TAX**

	2018 €
At beginning of year	-
Charged to profit or loss	100,615
	<u>100,615</u>
The deferred tax asset is made up as follows:	
	2018 €
Timing difference on share based compensation	<u>100,615</u>
	<u>100,615</u>

**BLEVINS FRANKS FINANCIAL MANAGEMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

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**18. OPERATING LEASE COMMITMENTS**

At 31 December 2018 the company had annual commitments under non-cancellable leases as follows:

	As at 31 December 2018 €	As at 31 December 2017 €
Expiry date:		
Not later than 1 year	444,014	287,280
Between 2 and 5 years	287,280	478,800
Total	<u>731,294</u>	<u>766,080</u>

**19. ULTIMATE CONTROLLING PARTY**

The ultimate parent undertaking is Blevins Franks Group Limited a company registered in Malta, with its registered address at Triq Il-Merghat, Gasan Centre, Mriehel, Birkirkara, BKR 3000, Malta. There is no one ultimate controlling party.

**20. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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.

The directors do not believe that there have been judgements (apart from those involving estimates) made in the process of applying the accounting policies that have had a significant effect on amounts recognised in the financial statements.