

Company Registration No. 04056163

# **CG** Asset Management Limited

Report and Financial Statements

For the year ended 30 April 2018

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# **CG Asset Management Limited**

## **Report and financial statements 2018**

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## CG Asset Management Limited

### Strategic report For the year ended 30 April 2018

#### Principal activities

The principal activity of CG Asset Management Limited (the “Company”) is the management of six funds. Four funds seek to produce absolute returns through long-term investment in bonds, equities and commodities. Two funds are invested entirely in overseas government index-linked bonds. The Company is authorised and regulated by the Financial Conduct Authority.

#### Business review and future prospects

FY 2018 was a satisfactory year for the Company. Assets under management were substantially unchanged versus the prior year. Organic performance of the funds was negative overall which was largely attributable to the weakness of the US dollar versus sterling over the year, which particularly affected the government index-linked bond funds. This was compensated for by net flows, principally from issuance of shares by Capital Gearing Trust and inflows into the CG Absolute Return Fund. A new substantial piece of legislation, the Regulation on Markets in Financial Instruments – commonly known as MiFID II – came into force on 3 January 2018. Preparation for this legislation was intensive and was a major focus of management over the year. The regulations introduced significant additional reporting requirements for the company. It is testament to the hard work and efficiency of the operations team that the business was able to meet the new requirements without a hitch.

#### Results and dividends and key performance indicators

The profit for the year on ordinary activities, after taxation, was £5,764,753 (2017: £5,023,587).

The directors paid a final dividend of £5,001,660 (£2017: 3,017,668).

#### Principal business risk and financial risk

The directors take the view that the balance sheet is strong enough to withstand any market shocks which may reasonably be expected. It is board policy to maintain capital well in excess of the level required under regulatory capital rules. 86% (2017: 89%) of the value of investments are cash or marketable securities, 40% (2017: 28%) in funds managed by the Company and 33% in cash (2017: 43%). The underlying investments in the funds managed by the company are predominantly government securities, cash and high quality corporate bonds.

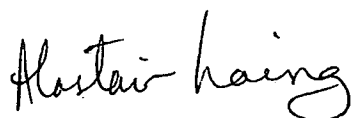
The most significant risk to which the Company may be subjected is assessed as reputational risk, for instance, the possibility of customers leaving, either by realisations of units or loss of one or more of the Company’s three management contracts. Loss of key staff might be a factor leading to such events. The Company’s ability to adjust overheads to meet these eventualities provides reasonable mitigation of this risk.

The Basel Accord has been implemented in the European Union via the Capital Requirements directive and the Company falls under the three ‘pillars’ framework. The pillar 3 disclosures are published on the Company’s website ([www.cgasset.com](http://www.cgasset.com)).

Approved by the Board of Directors and signed on behalf of the Board

A R Laing  
Director

19<sup>th</sup> July 2018



# **CG Asset Management Limited**

## **Directors' report For the year ended 30 April 2018**

The directors present their annual report and the audited financial statements of CG Asset Management Limited ('the Company') for the year ended 30 April 2018.

### **Going concern**

After making enquiries, the directors have formed the judgement at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. The balance sheet shows a cash balance of £2,940,546 (2017: £3,580,613). The Company has no borrowings and from a review of budget and forecasts the directors continue to believe that the going concern basis is appropriate.

### **Directors**

The directors, who served throughout the year, except as noted, were as follows:

M Cannon Brookes (non-executive)  
A R Laing  
C Smith (non-executive)  
R P A Spiller  
R J Goody  
C G Clothier  
F I M Turquet (non-executive)

### **Auditor**

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. Pursuant to s386 Companies Act 1985 an elective resolution was passed dispensing with the requirement to appoint an auditor annually. Therefore Deloitte LLP is deemed to continue as auditor.

Approved by the Board of Directors and signed on behalf of the Board



C G Clothier  
Director

19 July 2018

## **CG Asset Management Limited**

### **Statement of directors' responsibilities For the year ended 30 April 2018**

The directors are responsible for preparing the Annual 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; and
- 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.

# **Independent auditor's report to the members of CG Asset Management Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CG Asset Management Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 18.

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).

### **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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in 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.

## **Independent auditor's report to the members of CG Asset Management Limited**

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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

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

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

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

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

### **Report on other legal and regulatory requirements**

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

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

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

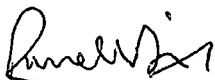
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



Russell Davis, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

19 July 2018

## CG Asset Management Limited

### Statement of comprehensive income For the year ended 30 April 2018

	Notes	2018 £	2017 £
<b>Turnover</b>		9,777,238	9,095,984
Staff costs	3	(2,767,051)	(2,501,127)
Other operating charges		(516,978)	(881,739)
<b>Operating profit</b>	5	6,493,209	5,713,118
Bank interest receivable		-	43
Other interest receivable		18,887	20,132
Other investment income		135,204	95,922
Gain/(loss) on revaluation of fixed asset investments		347,335	503,190
<b>Profit on ordinary activities before taxation</b>		6,994,635	6,332,405
Tax on profit on ordinary activities	6	(1,229,882)	(1,308,818)
<b>Profit on ordinary activities after taxation</b>		5,764,753	5,023,587
<b>Other comprehensive income for the year</b>		-	-
<b>Profit for the year</b>		<u>5,764,753</u>	<u>5,023,587</u>

All results derive from continuing operations.

The notes on pages 11 to 19 form an integral part of these financial statements.



**CG Asset Management Limited**  
**Company registration number 04056163**

**Balance sheet**  
**As at 30 April 2018**

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Investments	7	5,939,000	4,642,226
Tangible assets	8	823	2,267
		<u>5,939,823</u>	<u>4,644,493</u>
<b>Current assets</b>			
Prepayments and accrued income		968,954	775,661
Cash at bank and in hand		<u>2,940,546</u>	<u>3,580,613</u>
		3,909,500	4,356,274
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,645,537)</u>	<u>(1,613,871)</u>
<b>Net current assets</b>		2,263,963	2,742,403
<b>Provisions for liabilities</b>			
Deferred tax	10	<u>(205,840)</u>	<u>(152,043)</u>
<b>Net assets</b>		<u>7,997,946</u>	<u>7,234,853</u>
<b>Capital and reserves</b>			
Called up share capital	11	81,832	81,832
Share premium account	12	481,167	481,167
Capital redemption reserve	12	53,289	53,289
Retained earnings	12	<u>7,381,658</u>	<u>6,618,565</u>
<b>Total equity shareholders' funds</b>		<u>7,997,946</u>	<u>7,234,853</u>

These financial statements were approved and authorised for issue by the Board of Directors on 18 July 2018  
Signed on behalf of the Board of Directors



C G Clothier  
Director

18 July 2018

## CG Asset Management Limited

### Statement of changes in Equity For the year ended 30 April 2018

	Called-up share capital £	Share premium account £	Capital Redemption reserve £	Retained earnings £	Total £
At 1 May 2016	81,832	481,167	53,289	4,612,646	5,228,934
Retained profit for the year	-	-	-	5,023,587	5,023,587
Dividends	-	-	-	(3,017,668)	(3,017,668)
At 30 April 2017	81,832	481,167	53,289	6,618,565	7,234,853
Profit for the financial year	-	-	-	5,764,753	5,764,753
Dividends	-	-	-	(5,001,660)	(5,001,660)
At 30 April 2018	81,832	481,167	53,289	7,381,658	7,997,946

## **CG Asset Management Limited**

### **Statement of Cash Flows For the year ended 30 April 2018**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
Net cash flows from operating activities	13	5,158,213	4,845,413
Net cash flows from investing activities	14	(796,620 )	(933,157)
Net cash flows from financing activities	14	<u>(5,001,660)</u>	<u>(3,017,668)</u>
(Decrease)/increase in cash in the year	16	<u><u>(640,067)</u></u>	<u><u>894,588</u></u>

# **CG Asset Management Limited**

## **Notes to the financial statements For the year ended 30 April 2018**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### **General information and basis of preparation**

CG Asset Management Limited is a company incorporated in England and Wales. The address of the registered office is 25 Moorgate, London, EC2R 6AY. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2. The company's functional and presentational currency is GBP.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom 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 judgement in applying the company's accounting policies (see note 2).

#### **Turnover and other income**

Turnover, which arises in the United Kingdom, comprises fee income from investment management and advisory services and is stated on an accruals basis after deduction of value added tax. Other income primarily comprises dividend income, accounted for when receivable.

#### **Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

#### **Taxation**

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## **CG Asset Management Limited**

### **Notes to the financial statements For the year ended 30 April 2018**

#### **Pension contributions**

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions to defined contribution personal pension plans payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold improvements - 20% straight line  
Furniture & Fixtures - 25% straight line  
Office equipment - 33.33% straight line

#### **Going concern**

After making enquiries, the directors have formed the judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. The balance sheet shows a cash balance of £2,940,546 (2017: £3,580,613). The Company has no borrowings and, from a review of budget and forecasts, the directors continue to believe that the going concern basis is appropriate.

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

The preparation of the financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the year end date and the reported amounts of revenues and expenses during the reporting period.

The key judgements applied in the preparation of the financial statements are in relation to the fair value of investments.

# CG Asset Management Limited

## Notes to the financial statements For the year ended 30 April 2018

### 3. Information regarding directors and employees

	2018 £	2017 £
<b>Directors' remuneration</b>		
Emoluments	<u>2,309,543</u>	<u>2,103,808</u>
	2018 £	2017 £
<b>Highest paid director's remuneration:</b>		
Aggregate of emoluments	<u>1,163,838</u>	<u>1,062,653</u>
<b>Average number of persons (including executive directors) employed by the Company in the year</b>		
Investment department	<u>6</u>	<u>6</u>
	2018 £	2017 £
<b>Staff costs incurred during the year (including executive directors) in respect of these employees were:</b>		
Wages and salaries	2,418,623	2,191,622
Social security costs	316,364	289,377
Pension costs	32,064	20,128
	<u>2,767,051</u>	<u>2,501,127</u>

Included in the above is £nil (2017: £15,000) in respect of consultancy fees to J M S Ekins, a retired non-executive director.

### 4. Dividends

	2018 £	2017 £
<b>Amounts recognised as distributions to equity holders:</b>		
Final dividend paid for the year ended 30 April 2018	<u>5,001,660</u>	<u>3,017,668</u>

The final dividend of £5,001,660 was paid out to the 'A' Ord shareholders on 13 November 2017.

## CG Asset Management Limited

### Notes to the financial statements For the year ended 30 April 2018

#### 5. Operating profit

	2018 £	2017 £
<b>Operating profit is arrived at after charging:</b>		
Depreciation of tangible fixed assets	1,444	1,443
Fees payable to the Company's auditor for the audit of the Company annual accounts	13,400	13,000
Fees payable to the company's auditor for other services to the Company (see below).	4,500	4,800
<b>Total fees</b>	<b>17,900</b>	<b>17,800</b>
<b>Non audit fees</b>		
Tax compliance services	4,500	4,800

#### 6. Tax on profit on ordinary activities

	2018 £	2017 £
<b>Current Tax</b>		
United Kingdom corporation tax	1,259,224	1,253,424
Adjustment in respect of prior period	(83,139)	18,984
<b>Total current tax charge</b>	<b>1,176,085</b>	<b>1,272,408</b>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	53,797	42,834
Effect of reduction in the tax rate on opening liability	-	(6,424)
<b>Total deferred tax charge</b>	<b>53,797</b>	<b>36,410</b>
<b>Total tax charge</b>	<b>1,229,882</b>	<b>1,308,818</b>

# CG Asset Management Limited

## Notes to the financial statements For the year ended 30 April 2018

### 6. Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower than that from applying the standard rate of corporation tax in the UK of 19% (2017: 20 %).

The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before taxation	6,994,635	6,332,405
Tax on profit on ordinary activities at 19% (2017: 20%) thereon	1,328,981	1,266,481
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	573	816
Depreciation in excess of capital allowances	29	178
Non-taxable income	(13,326)	(13,249)
Effect of disposal of investments/chargeable gains	(3,236)	42,032
Effect of changes in the tax rate	-	(6,424)
Adjustment in respect of prior period	(83,139)	18,984
	<u>1,229,882</u>	<u>1,308,818</u>

### 7. Investments

	Listed investments £	Shares in unlisted investments £	Total £
<b>Fair value</b>			
At 1 May 2016	2,286,485	804,185	3,090,670
Additions	2,000,000	-	2,000,000
Disposals	(951,634)	-	(951,634)
Change in fair value	408,581	94,609	503,190
	<u>3,743,432</u>	<u>898,794</u>	<u>4,642,226</u>
At 30 April 2017			
Additions	1,240,410	-	1,240,410
Disposals	(289,699)	-	(289,699)
Change in fair value	17,885	328,178	346,063
	<u>4,712,028</u>	<u>1,226,972</u>	<u>5,939,000</u>
At 30 April 2018			

As 30 April 2018 the Company held an investment of 147,828 (2017: 147,828) 'A' shares in Smith & Williamson Holdings Limited at £1,226,972 (2017: £898,794). The directors have estimated the fair value of these shares based on S&W's calculation of the fair value of their shares, as determined by their independent investment banking adviser. The directors are reliably informed that shares are transacted at these values. This investment represents 0.38% of the 'A' shares in issue. The registered office of Smith & Williamson Holdings Limited is: 25 Moorgate, London, EC2R 6AY.



## CG Asset Management Limited

### Notes to the financial statements For the year ended 30 April 2018

Listed investments includes 'M' shares in CG Portfolio Fund Plc. The company holds 4.17% of the M shares in issue as at 30 April 2018. The registered office of the fund is: Georges Court, 54-62 Townsend Street, DO2 R156, Dublin 2, Ireland.

8. Tangible fixed assets	Leasehold improvements £	Furniture and fixtures £	Office equipments £	Total £
<b>Cost</b>				
At 1 May 2017	13,529	7,832	4,331	25,692
Additions	-	-	-	-
At 30 April 2017	13,529	7,832	4,331	25,692
<b>Depreciation</b>				
At 1 May 2017	13,529	7,832	2,064	23,425
Charge for the year	-	-	1,444	1,444
At 30 April 2018	13,529	7,832	3,508	24,869
<b>Net book value</b>				
At 30 April 2018	-	-	823	823
At 30 April 2017	-	-	2,267	2,267

#### 9. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	22,416	58,858
Corporation tax	528,303	680,772
Other taxation and social security	72,219	70,017
Accruals and deferred income	1,022,599	804,224
	<u>1,645,537</u>	<u>1,613,871</u>

# CG Asset Management Limited

## Notes to the financial statements For the year ended 30 April 2018

### 10. Deferred Taxation

	2018 £	2017 £
Liability at 01 May 2017	152,043	115,633
Charged/ (credited) to profit and loss account	53,797	36,410
Liability at 30 April 2018	<u>205,840</u>	<u>152,043</u>

Deferred tax is provided as follows:

	2018 £	2017 £
Accelerated capital allowances	245	385
Timing differences relating to the revaluation of investments	<u>205,595</u>	<u>151,658</u>
Provision for deferred tax	<u>205,840</u>	<u>152,043</u>

### 11. Called up share capital

	2018 £	2017 £
<b>Called up, allotted and fully paid:</b>		
55,574 (2017: 55,574) ordinary A shares of £0.50 each	27,787	27,787
108,090 (2017: 108,090) ordinary B shares of £0.25 each	27,023	27,023
108,090 (2017: 108,090) ordinary C shares of £0.25 each	27,022	27,022
	<u>81,832</u>	<u>81,832</u>

### 12. Reserves

A description of each reserve is set out below.

#### Called up share capital

This represents the nominal value of shares that have been issued.

#### Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

#### Capital redemption reserve

This reserve represents non distributable reserves which amounts are transferred to following the redemption or purchase of a company's own shares.

#### Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

# CG Asset Management Limited

## Notes to the financial statements For the year ended 30 April 2018

### 13. Reconciliation of operating profit to operating cash flows

	2018 £	2017 £
Operating profit	6,493,209	5,713,118
Depreciation	1,444	1,443
Taxation	(1,382,351)	(1,163,269)
Increase in debtors	(193,293)	(5,535)
Increase in creditors	239,204	299,656
<b>Net cash inflow from operating activities</b>	<b>5,158,213</b>	<b>4,845,413</b>

### 14. Analysis of cash flows

	2018 £	2017 £
<b>Cash flows from investing activities</b>		
Interest received	18,887	20,175
Purchase of tangible fixed assets	-	(888)
Purchase of fixed asset investments	(1,240,410)	(2,000,000)
Proceeds from sale of fixed asset investments	289,699	951,634
Other investment income	135,204	95,922
<b>Net cash flow</b>	<b>(796,620)</b>	<b>(933,157)</b>
<b>Cash flows from financing activities</b>		
Dividends	(5,001,660)	(3,017,668)
<b>Net cash flow</b>	<b>(5,001,660)</b>	<b>(3,017,668)</b>

### 15. Reconciliation of net cash flow to movements in net funds

	2018 £	2017 £
(Decrease)/increase in cash during the year	(640,067)	894,588
Movement in net funds in the year	(640,067)	894,588
Net funds at 1 May	3,580,613	2,686,025
<b>Net funds at 30 April</b>	<b>2,940,546</b>	<b>3,580,613</b>

## CG Asset Management Limited

### Notes to the financial statements For the year ended 30 April 2018

#### 16. Analysis of net funds

	At 1 May 2017 £	Cash flow £	At 30 April 2018 £
Cash at bank	<u>3,580,613</u>	<u>(640,067)</u>	<u>2,940,546</u>

#### 17. Controlling party

The ultimate controlling party is R P A Spiller, by virtue of his 60.24 % (2017: 60.33 %) shareholding in the Company. Other shareholders with a holding of 10% or more of CG Asset Management are A R Laing (14.86%; 2017 14.86%) and Smith & Williamson Investment Services Limited (10.76%; 2017 10.76%).

#### 18. Related party transactions

During the year the Company incurred expenditure of £116,059 (2017: £112,549) in respect of office facilities provided by Smith & Williamson Investment Management Limited ('SWIM') part of the Smith & Williamson Group of companies, which also owns 10.76% (2017: 10.76%) of the issued share capital of the Company. At 30 April 2018 £Nil (2017: £Nil) was owed to SWIM. The Company also has current and deposit account balances held with SWIM which at the year end amounted to £2,940,546 (2017: £3,580,613).

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the group, or in relation to the company, the company. In the opinion of the board the group and company's key management are the directors of CG Asset Management Limited. Total compensation to key management personnel is £2,309,543 (2017: £2,103,808).