

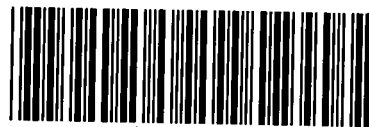
Registered number: 07456530

**CHERUBIM VENTURES (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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COMPANIES HOUSE

**CHERUBIM VENTURES (UK) LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

M Van Blerk  
B O'Connell

**COMPANY SECRETARY**

E Van Blerk

**REGISTERED NUMBER**

07456530

**REGISTERED OFFICE**

Mill House  
Overbridge Square  
Hambridge Lane  
Newbury  
Berkshire  
RG14 5UX

**INDEPENDENT AUDITOR**

James Cowper Kreston  
Chartered Accountants and Statutory Auditor  
Mill House  
Overbridge Square  
Hambridge Lane  
Newbury  
RG14 5UX

# **CHERUBIM VENTURES (UK) LIMITED**

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## **CHERUBIM VENTURES (UK) LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **INTRODUCTION**

The Directors present the company's strategic report for the year ended 31 December 2016.

#### **BUSINESS REVIEW**

During the year ended 31 December 2016, Cherubim generated revenues of £451k compared to £453k last year. Costs are well below average for the industry. Investment research capacity is at a satisfactory level for the foreseeable future.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Due to the size, nature, scale and complexity of the Firm, there is no independent risk management function. The Directors of the Firm determine the business strategy and risk appetite along with the risk management policies and procedures. An identification of risks to the Firm are considered and the Firm's resultant exposure is assessed after the application of both management and mitigation of these risks. Furthermore, the Firm then conducts a series of stress tests and scenario analyses on these risks to determine the effect they would have on the firm.

If necessary, Cherubim would allocate extra capital to the relevant risk, as per the Pillar 2 requirement: this has not been deemed necessary. This process is conducted at regular Directors' meetings and the relevant policies and procedures updated where necessary.

The Directors have identified concentration risk, key person risk, and market risk as the main areas of risk to which the firm is exposed.

These risks are managed by a number of means, including:

Cherubim has a management contract in place for the management of the fund. The fund's investment portfolio is significantly diversified in order to limit the impact of one investment or several investments on the income of Cherubim.

Locum arrangements are in place with experienced professionals in the UK and Canada.

Management maintains all its capital in cash holdings and also through other investments, which are subject to market risk. The risk associated with these investments is however considered to be low with the invested fund managed by experienced professionals.

Cherubim has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

The market for securing assets under management remains highly competitive. With these risks and uncertainties in mind we are confident that we will continue to grow the fund client's assets under management due to the fund client's historical track record and the company's marketing ability.

## **CHERUBIM VENTURES (UK) LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, EBITDA margin and return on capital employed.

#### **Disclosure Policy**

The Pillar 3 rules in BIPRU 11 set out the need for firms to have a formal disclosure policy. In accordance with the rules of the Financial Conduct Authority ("FCA") Cherubim Ventures (UK) Limited ('Cherubim' or 'the firm') will disclose the information set out in BIPRU 11 (the Pillar 3 rule) on at least an annual basis. In accordance with BIPRU 11.3.3(2) this disclosure has been assessed by Cherubim's Senior Management to comprehensively convey the firm's risk profile to market participants. The Pillar 3 disclosure will be made in the firm's annual report and accounts.

Cherubim may omit information it deems as immaterial, in accordance with the rules. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Accordingly, where Cherubim has considered an item to be immaterial it has not been disclosed. Cherubim has implemented a policy for assessing the appropriateness of its market disclosures, including their verification and frequency.

In addition, if the required information is deemed to be proprietary or confidential then Cherubim may take the decision to exclude it from the disclosure. In the Firm's view, proprietary information is that which, if it were shared, would undermine its competitive position. Information is considered to be confidential where there are obligations binding the Firm to confidentiality with our customers, suppliers or counterparties. Where information is omitted for either of these reasons this is stated in the relevant section of the disclosure, along with the jurisdiction.

#### **Disclosures**

Cherubim is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised by the FCA, for capital purposes, as a BIPRU limited licence firm. It is an investment management firm; it has no trading book exposures. The Firm is not required to prepare consolidated reporting for prudential purposes.

The FCA's current prudential regime can be split into three "pillars":

- Pillar 1 – prescribes the minimum capital requirements that authorised firms need to hold. This is the higher of €50k; quarter of the firm's annual adjusted expenditure (the Fixed Overheads Requirement); or the sum of the firm's prescribed Credit risk + Market risk.
- Pillar 2 – requires firms to analyse the risks to the business and then consider whether the risks are mitigated to an appropriate standard. If the firm feels that the risks are not adequately mitigated then they should allocate capital against those risk. Stress and scenario tests are conducted to ensure that the processes, strategies and systems are comprehensive and robust and that the allocation of capital is sufficient.
- Pillar 3 - requires firms to develop a set of disclosures which will allow market participants to assess key information about the Firm's underlying risks, risk management controls and capital position.

**CHERUBIM VENTURES (UK) LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Credit Risk + Market Risk Requirement determines the Firm's Capital Resources Requirement.

The Firm is a Company Limited by Capital and its capital arrangements are established in its Memorandum and Articles of Association. Its capital is summarised as follows:

	£
Permanent Share Capital	200
Share premium	98,998
Retained earnings	845,765
	-----
Share capital and other reserves	944,963
	=====

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

**M Van Blerk**  
Director



Date:

30/3/17

## **CHERUBIM VENTURES (UK) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £326,528 (2015: £155,784).

#### **DIRECTORS**

The directors who served during the year were:

M Van Blerk  
B O'Connell

#### **CHARITABLE DONATIONS**

During the year the company made charitable donations totalling £3,413 (2015: £2,408).

#### **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'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's auditor is aware of that information.

**CHERUBIM VENTURES (UK) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**AUDITOR**

The auditor, James Cowper Kreston, 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.

M Van Blerk  
Director



Date:

30/3/17



## **CHERUBIM VENTURES (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHERUBIM VENTURES (UK) LIMITED**

We have audited the financial statements of Cherubim Ventures (UK) Limited for the year ended 31 December 2016, set out on pages 8 to 21. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

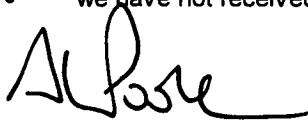
**CHERUBIM VENTURES (UK) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHERUBIM VENTURES (UK)  
LIMITED (CONTINUED)**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Alan Poole BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

**James Cowper Kreston**

Chartered Accountants and Statutory Auditor

Mill House  
Overbridge Square  
Hambridge Lane  
Newbury  
RG14 5UX

Date: 30<sup>th</sup> March 2017

**CHERUBIM VENTURES (UK) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	3	450,964	453,036
<b>GROSS PROFIT</b>		<b>450,964</b>	<b>453,036</b>
Administrative expenses		(144,947)	(225,493)
Fair value movements		102,942	(31,449)
<b>OPERATING PROFIT</b>	4	<b>408,959</b>	<b>196,094</b>
Interest receivable and similar income	7	54	62
<b>PROFIT BEFORE TAX</b>		<b>409,013</b>	<b>196,156</b>
Tax on profit	8	(82,485)	(40,372)
<b>PROFIT FOR THE YEAR</b>		<b>326,528</b>	<b>155,784</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>326,528</b>	<b>155,784</b>

**CHERUBIM VENTURES (UK) LIMITED**  
**REGISTERED NUMBER: 07456530**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	10	8,393	11,054
		<u>8,393</u>	<u>11,054</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	11	56,355	41,590
Current asset investments	12	387,897	284,956
Cash at bank and in hand	13	703,060	469,506
		<u>1,147,312</u>	<u>796,052</u>
Creditors: amounts falling due within one year	14	(210,742)	(115,727)
<b>NET CURRENT ASSETS</b>		<u>936,570</u>	<u>680,325</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>944,963</u>	<u>691,379</u>
<b>NET ASSETS</b>		<u><u>944,963</u></u>	<u><u>691,379</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	200	200
Share premium account	17	98,998	98,998
Profit and loss account	17	845,765	592,181
		<u>944,963</u>	<u>691,379</u>

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

**M Van Blerk**  
Director



Date:

30/3/17

The notes on pages 13 to 21 form part of these financial statements.

**CHERUBIM VENTURES (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	200	98,998	592,181	691,379
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year	-	-	326,528	326,528
Dividends: Equity capital	-	-	(72,944)	(72,944)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	(72,944)	(72,944)
<b>AT 31 DECEMBER 2016</b>	<b>200</b>	<b>98,998</b>	<b>845,765</b>	<b>944,963</b>

**CHERUBIM VENTURES (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2015	200	98,998	503,897	603,095
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Profit for the year	-	-	155,784	155,784
Dividends: Equity capital	-	-	(67,500)	(67,500)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	-	-	(67,500)	(67,500)
<b>AT 31 DECEMBER 2015</b>	<b>200</b>	<b>98,998</b>	<b>592,181</b>	<b>691,379</b>

The notes on pages 13 to 21 form part of these financial statements.

**CHERUBIM VENTURES (UK) LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>326,528</b>	155,784
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	<b>2,662</b>	4,895
Employee incentive expense	-	19,219
Interest received	<b>(54)</b>	(62)
Taxation charge	<b>82,485</b>	40,372
(Increase)/decrease in debtors	<b>(14,175)</b>	4,345
Increase/(decrease) in creditors	<b>56,656</b>	(1,209,125)
Net fair value (gains)/losses recognised in P&L	<b>(102,942)</b>	31,449
Corporation tax (paid)	<b>(44,716)</b>	(156,178)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>306,444</b>	(1,109,301)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	-	(1,576)
Interest received	<b>54</b>	62
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>54</b>	(1,514)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	<b>(72,944)</b>	(67,500)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(72,944)</b>	(67,500)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>233,554</b>	(1,178,315)
Cash and cash equivalents at beginning of year	<b>469,506</b>	1,647,821
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>703,060</b>	469,506
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<b>703,060</b>	469,506
	<b>703,060</b>	469,506

## CHERUBIM VENTURES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1. ACCOUNTING POLICIES

##### 1.1 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 management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 1.3 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Office equipment	-	20%
Computer equipment	-	33%

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 Statement of Comprehensive Income.



## **CHERUBIM VENTURES (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **1.4 Current asset investments**

Investments in unlisted shares, which have been classified as current asset investments as the company intends to hold them on a short term basis are remeasured at market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### **1.5 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.

##### **1.6 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 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 Company's cash management.

##### **1.7 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

i) At fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;

ii) At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the

## **CHERUBIM VENTURES (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **1.7 Financial instruments (continued)**

asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **1.8 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.

##### **1.9 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.

##### **1.10 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### **1.11 Operating leases: the Company as lessee**

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

## CHERUBIM VENTURES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### 1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 balance sheet date.

#### 2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are however considered to be no areas subject to such material judgement and estimation uncertainty.

#### 3. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Management fees	450,964	453,036
	<u>450,964</u>	<u>453,036</u>

All turnover arose within the United Kingdom.

**CHERUBIM VENTURES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	2,662	4,895
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	3,800	3,700
Exchange differences	<u>(96,405)</u>	<u>(54,691)</u>

**5. EMPLOYEES**

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

	2016 £	2015 £
Wages and salaries	45,492	78,481
Social security costs	<u>(5,545)</u>	<u>4,258</u>
	<u>39,947</u>	<u>82,739</u>

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

	2016 No.	2015 No.
	<u>4</u>	<u>4</u>

**6. DIRECTORS' REMUNERATION**

	2016 £	2015 £
Directors' emoluments	14,086	25,896
	<u>14,086</u>	<u>25,896</u>

**7. INTEREST RECEIVABLE**

	2016 £	2015 £
Bank interest receivable	54	62
	<u>54</u>	<u>62</u>

**CHERUBIM VENTURES (UK) LIMITED**

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**8. TAXATION**

	2016 £	2015 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	83,077	44,716
	<u>83,077</u>	<u>44,716</u>
<b>Total current tax</b>	<u>83,077</u>	<u>44,716</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(592)	(4,344)
<b>Total deferred tax</b>	<u>(592)</u>	<u>(4,344)</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>82,485</u>	<u>40,372</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is the same as (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	409,013	196,156
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	81,803	39,722
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	481	757
Adjust closing deferred tax to average rate of 20.25%	364	183
Adjust opening deferred tax to average rate of 20.25%	(163)	35
Marginal relief	-	(325)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>82,485</u>	<u>40,372</u>

**9. DIVIDENDS**

	2016 £	2015 £
Dividends paid	72,944	67,500

**CHERUBIM VENTURES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. TANGIBLE FIXED ASSETS**

	Office equipment £	Computer equipment £	Total £
<b>COST OR VALUATION</b>			
At 1 January 2016	11,977	7,016	18,993
At 31 December 2016	11,977	7,016	18,993
<b>DEPRECIATION</b>			
At 1 January 2016	4,402	3,537	7,939
Charge for the period on owned assets	1,515	1,147	2,662
At 31 December 2016	5,917	4,684	10,601
<b>NET BOOK VALUE</b>			
At 31 December 2016	6,060	2,332	8,392
At 31 December 2015	7,575	3,479	11,054

**11. DEBTORS**

	2016 £	2015 £
Other debtors	5,700	4,275
Prepayments and accrued income	48,593	35,846
Deferred taxation	2,062	1,470
	56,355	41,591

**12. CURRENT ASSET INVESTMENTS**

	2016 £	2015 £
Unlisted investments	387,897	284,956
	387,897	284,956

**CHERUBIM VENTURES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**13. CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash at bank and in hand	703,060	469,506
	<u>703,060</u>	<u>469,506</u>

**14. CREDITORS: Amounts falling due within one year**

	2016 £	2015 £
Trade creditors	86,675	15,900
Corporation tax	83,077	44,716
Other creditors	33,990	27,907
Accruals and deferred income	7,000	27,204
	<u>210,742</u>	<u>115,727</u>

**15. DEFERRED TAXATION**

	2016 £
At beginning of year	1,470
Charged to the profit or loss	592
<b>AT END OF YEAR</b>	<u><b>2,062</b></u>

The deferred tax asset is made up as follows:

	2016 £
Accelerated capital allowances	4,321
Other short term timing differences	(2,259)
	<u><b>2,062</b></u>

**CHERUBIM VENTURES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. SHARE CAPITAL**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
200 Ordinary shares shares of £1 each	<b>200</b>	<b>200</b>
	<u>200</u>	<u>200</u>

**17. RESERVES**

**Share premium account**

The share premium account represents the excess paid over the nominal value of shares purchased.

**Profit & loss account**

The profit and loss account represents the cumulative profit available for distribution to shareholders.

**18. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>3,960</b>	<b>-</b>
<b>Total</b>	<b>3,960</b>	<b>-</b>
	<u>3,960</u>	<u>-</u>

**19. RELATED PARTY TRANSACTIONS**

At the year end, the company owed M Van Blerk and E Van Blerk £28,371 (2015: £25,878).

During the year M Van Blerk and E Van Blerk received £65,650 (2015: £60,750) through dividends.

During the year, the company earned fees of £537,639 (2015: £466,872) from Baobab Global Fund Limited, a company in which M Van Blerk and B O'Connell are directors.

**20. KEY MANAGEMENT PERSONNEL**

Key management personnel is considered to comprise of the company directors. Information on directors' remuneration for the year is provided in note 6 of the financial statements.

**21. CONTROLLING PARTY**

The directors consider M Van Blerk and E Van Blerk to be the controlling parties by virtue of their joint shareholding.