

EM3 SME Finance Limited

**Directors' report and financial
statements**

For the year ended 31 March 2019

Registered number: 08846737

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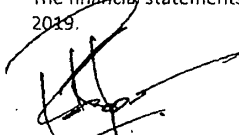
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Statement of financial position

As at 31 March 2019

	Note	2019 £	2018 £
Current assets			
Debtors	7	10,452	11,922
		<u>10,452</u>	<u>11,922</u>
Creditors: amounts falling due within one year	8	(10,451)	(11,921)
		<u></u>	<u></u>
Net current assets		1	1
		<u>1</u>	<u>1</u>
Total assets less current liabilities			
		<u>1</u>	<u>1</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	9	1	1
		<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 June 2019.


R Spencer
Director

The notes on pages 8 to 12 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2019

1. General information

EM3 SME Finance Limited is a company incorporated in England and Wales. Its registered office is Riverside House, 4 Meadows Business Park, Station Approach, Blackwater, Surrey, GU17 9AB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') 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 3).

The company has elected to apply all amendments to FRS 102, as set out in the triennial review published in March 2018, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The following principal accounting policies have been applied:

2.2 FRS 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of certain paragraphs of Section 11 Financial Instruments;
- the requirements of certain paragraphs of Section 12 Other Financial Instruments; and
- the requirements of Section 33 Related Party Disclosure paragraph 33.7.

This information is included in the consolidated financial statements of FSE C.I.C. as at 31 March 2019 and these financial statements may be obtained from The Registrar of Companies.

2.3 Revenue

Revenue comprises management fees due from the schemes that the company administers.

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.

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies (continued)

2.4 Debtors

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

2.5 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 and loans to related parties.

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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Statement of income and retained earnings.

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 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 of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

2.6 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.

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

2.8 Investment funding

Amounts held for investments and amounts due back to the funding provider are not disclosed on the face of the balance sheet, nor is the income in respect of these funds recognised in the profit and loss account as the company is acting, in substance, as an agent, administering these funds in return for the fund meeting the operating costs of the company.

3. Judgements 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 year-end 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.

The directors do not consider that there were any significant areas of estimation uncertainty or application of judgement.

4. Analysis of revenue

The whole of the revenue is attributable to the company's principal activity.

All revenue arose within the United Kingdom.

5. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	4,589	4,100
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	961	1,200
All other non-audit services not included above	961	1,200

Notes to the financial statements

For the year ended 31 March 2019

6. Staff costs

The company has no employees other than the directors (2018: none).

During the year ended 31 March 2019 remuneration in respect of directors was £nil (2018: £nil).

7. Debtors

	2019 £	2018 £
Trade debtors	-	360
Amounts owed by group undertakings	2	-
Other debtors	10,450	11,562
	<u>10,452</u>	<u>11,922</u>

8. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	2,280	615
Amounts owed to group undertakings	-	446
Accruals and deferred income	8,171	10,860
	<u>10,451</u>	<u>11,921</u>

Notes to the financial statements

For the year ended 31 March 2019

9. Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

10. Related party transactions

The company has taken advantage of the exemption to disclose related party transactions with other group companies conferred by Financial Reporting Standard 102 paragraph 33.1A "Related party disclosures" on the basis that it is a wholly owned subsidiary and group accounts are prepared, which include the company.

There were no other related party transactions.

11. Controlling party

The immediate and ultimate parent company is FSE C.I.C. A copy of the consolidated accounts of FSE C.I.C can be obtained from The Registrar of Companies.

The largest and smallest group in which the company's accounts are consolidated is headed by FSE C.I.C, whose registered office address is Riverside House, 4 Meadows Business Park, Station Approach, Blackwater, Surrey, GU17 9AB.

In the opinion of the directors, there is no ultimate controlling party.

12. Balances in respect of fund manager activities

	2019 £	2018 £
Net asset value of funds under management		
Net asset value of funds under management	3,913,054	3,574,896
	<u>3,913,054</u>	<u>3,574,896</u>

Funds under management represents cash not invested, invested loans and equity investments.