

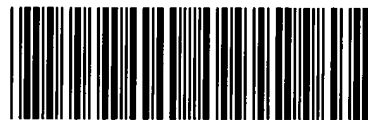
Close Brothers Technology Services Limited

Annual Report and Financial statements

For the year ended 31 July 2018



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Company profile and information

Directors

L A Bazzard
N G Davies
J A Drake
I C McVicar
M B Morgan
A J Sainsbury
D P Thomson

Secretary

J A Drake

Registered Office

10 Crown Place
London EC2A 4FT
United Kingdom

Registration Number

09758793

Independent Auditors

PricewaterhouseCoopers LLP

STRATEGIC REPORT

The Directors present their strategic report for Close Brothers Technology Services Limited ("the Company") in accordance with Section 414C of the Companies Act 2006 for the year ended 31 July 2018.

PROFILE

Close Brothers Technology Services Limited (the "Company") is a subsidiary of Close Brothers Group plc ("CBG"), a specialist financial services group which provides loans, trades securities and investment management services.

The Company is a subsidiary of Close Brothers Group plc ("CBG") and operates as part of CBG's Banking division. Its immediate parent is Close Brothers Limited ("CBL").

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company was incorporated on 2 September 2015 and provides a range of financial and non-financial services to support businesses in their investment and management of technology. These products support the acquisition of technology assets, support services, in-life management and end-of-life redeployment or disposal.

There have not been any significant changes in the Company's principal activity during the year. The Directors are not aware of any planned major changes in the Company's activity in the next year.

The results for the year ended 31 July 2018 are set out in the profit and loss account on page 10. The financial position of the Company at 31 July 2018 is set out in the balance sheet on page 11. The loss for the financial year after tax amounted to £2,202,818 (2017: £2,180,324).

Further information regarding the performance of Close Brothers Group plc, the ultimate parent undertaking, can be found in Close Brothers Group plc's 2018 Annual Report.

RESULTS FOR THE YEAR AND KEY PERFORMANCE INDICATORS

Despite current competitive trading conditions, the business has achieved a fourfold increase in lending in its second active trading year. The Directors plan to continue with the present strategy of growing the business organically.

The Company's Financial Key Performance Indicators during the year are detailed in the table below. There are no non-Financial Key Financial Performance Indicators.

	2018	2017
	£	£
Total Net Income	686,277	54,363
Loss on ordinary activities before tax	2,700,960	2,726,602
Loans and advances to customers	12,306,922	3,132,900
Shareholder's funds	300,729	152,559
Total Assets	17,004,664	6,264,518

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is subject to the risk management process of its ultimate parent Company, CBG. These processes are described in the CBG annual report which do not form part of this report.

APPROVAL

Approved by the Board and signed on its behalf by:



N G Davies
Director

24 September 2018

10 Crown Place
London, EC2A 4FT
United Kingdom

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 July 2018.

GENERAL INFORMATION

Close Brothers Technology Services ("the Company") is a wholly owned subsidiary of Close Brothers Group plc and operates as part of Commercial Banking. The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales.

DIRECTORS

The following served as Directors of the Company throughout the year:

L A Bazzard
N G Davies
J A Drake
I C McVicar
M B Morgan
A J Sainsbury
D P Thomson

COMPANY SECRETARY

J A Drake

REGISTERED OFFICE

10 Crown Place
London, EC2A 4FT
United Kingdom

GOING CONCERN

The Company has appropriate borrowing facilities from CBL and maintains the support of its parent and has received written confirmation to that effect.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report.

Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

DIVIDENDS

The Directors do not recommend the payment of a dividend in the year (2017: nil).

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including credit risk, interest rate risk, foreign exchange risk, liquidity risk.

Interest rate and foreign exchange risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company hedges the majority of its currency exchange risk by funding foreign currency deals with borrowings in the same currency. The Company lends to customers at fixed and variable rates. The price charged on fixed rate lending is dependent on the cost of funds the Company faces in funding these loans at the point of inception. Variable rate loans are normally hedged by borrowings at variable rates. Accordingly the Company faces little price risk.

Credit risk

Credit risk is one of the principal risks the Company faces. The credit risk is the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. The company's credit risk is primarily attributable to its trade and finance lease receivables. Credit risk at inception of new lending is controlled by number of senior managers operating within a framework of delegated underwriting authorities. In addition, arrears and other default-related information are monitored and discussed regularly by Directors and other senior managers and mitigating actions are taken in a timely manner where appropriate. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss

Directors' report (continued)

event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company's principal financial assets are bank balances and cash and cash equivalents, trade and other receivables.

RESEARCH AND DEVELOPMENT

The Company did not conduct any research and development activities during the year.

POST BALANCE SHEET EVENTS

There are no events after the balance sheet date requiring disclosure.

EXISTENCE OF BRANCHES OUTSIDE THE UK

The Company had no branches in existence outside the United Kingdom.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

APPOINTMENT OF NEW AUDITOR

Following a competitive tender process led by the Board of Close Brothers Group plc, PricewaterhouseCoopers LLP ('PwC') was appointed auditor of the groups and its subsidiaries at the Annual General Meeting held on 16 November 2017.

The Auditors, PwC, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

STATEMENT OF DISCLOSURE OF FINANCIAL INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that they should have taken as a Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



N G Davies
Director

24 September 2018

Directors' responsibilities statement

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) including Financial Reporting Standard 101 "Reduced Disclosure Framework". 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 Financial Reporting Standard 101 Reduced Disclosure Framework has been followed subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS101 used in the preparation of 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Close Brothers Technology Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of profit and loss for the year ended 31 July 2018, the statement of comprehensive income for the year ended 31 July 2018, the balance sheet at 31 July 2018, and the statement of changes in equity for the year ended 31 July 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Close Brothers Technology Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of profit and loss for the year ended 31 July 2018, the statement of comprehensive income for the year ended 31 July 2018, the balance sheet at 31 July 2018, and the statement of changes in equity for the year ended 31 July 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

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In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page [x], the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Ariel Grosberg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
September 2018

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

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- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Ariel Grosberg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
September 2018

Close Brothers Technology Services Limited

**Statement of Profit and Loss
for the year ended 31 July 2018**

	Note	2018 £	Restated 2017 £
Operating lease income		1,048,862	150,417
Operating lease depreciation		(872,214)	(150,184)
Net operating lease income		176,648	233
Interest income	5	603,940	77,356
Interest expense	5	(154,475)	(24,942)
Net interest income		449,465	52,414
Fee and commission income	6	40,670	858
Fee and commission expense	6	(797)	-
Other income	6	20,291	858
Non-interest income		60,164	1,716
Operating income		686,277	54,363
Administrative expenses	7	(3,169,860)	(2,780,965)
Impairment losses on loans and advances		(217,377)	
Total operating expenses		(3,387,237)	(2,780,965)
Loss before taxation		(2,700,960)	(2,726,602)
Tax	9	498,142	546,278
Loss for the financial year		(2,202,818)	(2,180,324)

The above statement should be read in conjunction with the accompanying notes.

**Statement of Comprehensive Income
for the year ended 31 July 2018**

	Note	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Loss for the financial year:		(2,202,818)	(2,180,324)
Total comprehensive expense for the financial year		<u>(2,202,818)</u>	<u>(2,180,324)</u>

The above statement should be read in conjunction with the accompanying notes.

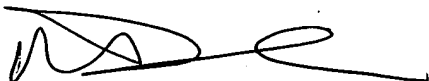
Close Brothers Technology Services Limited

Balance Sheet
at 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	476,341	614,077
Tangible assets	11	3,744,463	1,582,002
		4,220,804	2,196,079
Current assets			
Cash and cash equivalents		9,998	10,000
Debtors - amounts falling due within one year	12	5,044,485	1,721,840
Inventories	13	24,998	186,550
Debtors - amounts falling due after one year	12	7,678,810	2,150,049
Deferred tax	9	25,569	-
		12,783,860	4,068,439
Creditors: Amounts falling due within one year	14	(10,877,935)	(6,038,030)
Net current assets		1,905,925	(1,969,591)
Total assets less current liabilities		6,126,729	226,488
Creditors: Amounts falling due after more than one year	14	(5,826,000)	(31,000)
Provisions for liabilities	15	-	(42,929)
		(5,826,000)	(73,929)
Net assets		300,729	152,559
Capital and reserves			
Called-up share capital		(1,000,000)	(600,000)
Preference share capital		(5,125,000)	(3,175,000)
Accumulated losses		5,824,271	3,622,441
Total shareholder's funds		300,729	152,559

The above statement should be read in conjunction with the accompanying notes.

The financial statements on pages 12 to 29 were approved by the Board of Directors on 24 September 2018 and signed on its behalf by:



N G Davies
Director

Close Brothers Technology Services Limited

Statement of Changes in Equity
for the year ended 31 July 2018

	Called-up share capital	Preference share capital	Accumulated losses	Total equity
	£	£	£	£
Balance at 31 July 2016	300,000	1,325,000	(1,442,342)	182,658
Loss for the year	-	-	(2,180,324)	(2,180,324)
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year			(2,180,324)	(2,180,324)
Issue of share capital	300,000	-	-	300,000
Issue of preference share capital	-	1,850,000	-	1,850,000
Dividends	-	-	-	-
Income Tax	-	-	225	225
				-
Balance at 31 July 2017	600,000	3,175,000	(3,622,441)	152,559
Loss for the year	-	-	(2,202,818)	(2,202,818)
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year	-	-	(2,202,818)	(2,202,818)
Issue of share capital	400,000	-	-	400,000
Issue of preference share capital	-	1,950,000	-	1,950,000
Dividends	-	-	-	-
Income Tax	-	-	988	988
Balance at 31 July 2018	1,000,000	5,125,000	(5,824,271)	300,729

The above statement should be read in conjunction with the accompanying notes.

**Notes to the Financial Statements
for the year ended 31 July 2018**

1. Significant accounting policies

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

a) General information

Close Brothers Technology Services Limited is a private limited company limited by shares and incorporated in the United Kingdom under the Companies Law. The company is domiciled in the UK and registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the business review on page 3.

b) Basis of accounting

These financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historic cost convention as modified, where applicable, by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. All shareholders were notified in writing of the intention to take these exemptions, and no objections were made. Where required, equivalent disclosures are given in the group accounts of Close Brothers Group. The group accounts of Close Brothers Limited are available to the public and can be obtained as set out in note 22.

c) Going concern

The financial statements are prepared on a going concern basis as disclosed in the Directors' report.

d) Revenue recognition

Operating lease income

Operating lease income on assets held under operating leases is recognised in the income statement over the lease term on a straight line basis.

Interest income

Interest on loans and advances made by the Company, and fee income and expense and other direct costs relating to loan origination, restructuring or commitments are recognised in the income statement using the effective interest rate method.

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses.

Fees and commissions

Where fees that have not been included within the effective interest rate method are earned on the execution of a significant act, such as fees arising from negotiating or arranging a transaction for a third party, they are recognised as revenue when that act has been completed. Fees and corresponding expenses in respect of other services are recognised in the income statement as the right to consideration or payment accrues through performance of services. In particular, upfront commissions paid in respect of managing, as opposed to originating, fund products are initially included within "accruals and deferred income" and then recognised as revenue as the services are provided. To the extent that fees and commissions are recognised in advance of billing they are included as accrued income or expense.

e) Financial assets and liabilities (excluding derivatives)

Classification

The Company classifies its financial assets into the loans and receivables measurement category. Financial liabilities are classified as amortised cost using the effective interest method. Management determines the classification of its financial assets and liabilities at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and it is expected that substantially all of the initial investment will be recovered, other than because of credit deterioration.

Loans and receivables are subsequently carried at amortised cost using the effective interest method and recorded net of provisions for impairment losses.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the Company has retained control, the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

f) Impairment of financial assets

The Company assesses whether there is any objective evidence that a financial asset or group of financial assets classified as available for sale or loans and receivables is impaired on a routine basis. A financial asset or group of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

1. Significant accounting policies (continued)

f) Impairment of financial assets (continued)

Financial assets at amortised cost

If there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually

For loans and receivables, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the original effective interest rate. As the loan amortises over its life, the impairment loss may amortise. All impairment losses are reviewed at least at each reporting date. If subsequently the amount of the loss decreases as a result of a new event, the relevant element of the outstanding impairment loss is reversed. Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

g) Finance leases, operating leases and hire purchase contracts

A finance lease is a lease or hire purchase contract that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee, otherwise it is classed as an operating lease.

Finance leases are recognised as loans at an amount equal to the gross investment in the lease discounted at its implicit interest rate. Finance charges on finance leases are taken to income in proportion to the net funds invested.

Rental costs under operating leases and hire purchase contracts are charged to the income statement in equal instalments over the period of the leases. Rental income from operating leases is recognised in equal instalments over the period of the leases and included in net operating income in the income statement.

h) Intangible assets

Computer software (acquired and costs associated with development) and intangible assets on acquisition (excluding goodwill) are stated at cost less accumulated amortisation and provisions for impairment. Amortisation is calculated to write off their cost on a straight-line basis over the estimated useful lives as follows:

Computer software	3 to 5 years
Intangible assets on acquisition	8 to 20 years

i) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and provisions for impairment. Depreciation is calculated to write off their cost on a straight-line basis over their estimated useful lives as follows:

Long leasehold property	40 years
Short leasehold property	Over length of lease
Fixtures, fittings and equipment	3 to 5 years
Assets held under operating leases	1 to 15 years

j) Share capital

Share issue costs

Incremental costs directly attributable to the issue of new shares or options including those issued on the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by Directors.

Dividends on preference shares

Dividends on preference shares are recognised in equity in the period in which they are accrued, regardless of whether they are paid or declared. Dividends on preference shares are ranked ahead of dividends on ordinary shares.

k) Employee benefits

Close Brothers Group plc ("CBG"), the ultimate parent company, operates long term incentive arrangements in which company employees have participated. These include an annual bonus plan and two long-term incentive schemes ("Incentive Schemes"): the 2009 Long Term Incentive Plan ("LTIP") and the Inland Revenue approved Save As You Earn ("SAYE") scheme.

The costs of the awards granted under the annual bonus plan are based on the salary of the individual at the time the award is made. The value of the share award at the grant date is charged to the company's income statement in the year to which the award relates.

The cost of the Incentive Schemes is based on the fair value of awards on the date of grant. Fair values for market based performance conditions are determined using a stochastic (Monte Carlo simulation) pricing model for LTIP and the Black-Scholes pricing model for the other schemes. Both models take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the CBG share price over the life of the option award and other relevant factors.

For non-market based performance conditions, vesting conditions are not taken into account when measuring fair value, but are reflected by adjusting the number of shares in each award such that the amount recognised reflects the number that are expected to, and then actually do, vest. CBG expense the fair value of the awards, including recharges to subsidiary companies where applicable, in their income statement on a straight line basis over the vesting period, with a corresponding credit to the share-based payments reserve. At the end of the vesting period, or upon exercise, lapse or forfeit if earlier, this credit is transferred to retained earnings.

1. Significant accounting policies (continued)

l) Provisions and contingent liabilities

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

m) Taxes, including deferred taxes

Current tax is the expected tax payable on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

To enable the tax charge to be based on the profit for the year, deferred tax is provided in full on temporary timing differences, at the rates of tax expected to apply when these differences crystallise. Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profits will be available against which temporary differences can be set. All deferred tax liabilities are offset against deferred tax assets in accordance with the provisions of International Accounting Standard 12 *Income taxes* ("IAS 12").

n) Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash.

o) Inventories

Inventories comprise technology products acquired on behalf of customers for subsequent finance to those customers. The inventories are valued at cost.

2. Critical accounting estimates and judgements

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK company law and UK GAAP require the Directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. The Company's estimates and assumptions are based on historical experience and expectation of future events and are reviewed periodically. The actual outcome may be materially different

from that anticipated. The judgements and assumptions involved in the Company's accounting policies that are considered by the board to be the most important to the portrayal of its financial condition are as follows:

a) Loan impairment provisions

Allowances for loan impairment represent management's estimate of the losses incurred in the loan portfolios at the balance sheet date. Changes to the allowances for loan impairment are reported in the income statement as impairment losses on loans and advances. Impairment provisions are made if there is objective evidence of impairment as a result of one or more subsequent events regarding a significant loan or a portfolio of loans.

Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted at the loans' original effective interest rate. Impairment losses determined on a portfolio basis are calculated using a formulaic approach which allocates a loss rate dependent on the overdue period. Loss rates are based on the discounted expected future cash flows and are regularly benchmarked against actual outcomes to ensure they remain appropriate.

Estimating the amount and timing of future recoveries involves significant judgement, and considers the level of arrears as well as the assessment of matters such as future economic conditions and the value of collateral. All impairment losses are reviewed at least annually.

b) Revenue

Interest income

The effective interest rate method applies a rate that discounts estimated future cash payments or receipts relating to a financial instrument to its net carrying amount. The estimated future cash flows take into account all contractual terms of the financial instrument including transaction costs and all other premiums or discounts but not future credit losses. Models are reviewed at least annually to assess expected lives of groups of assets based upon actual repayment profiles.

Fee and commission income

Fee and commission income is recognised depending on the nature of service provided:

- Income which forms an integral part of the effective interest rate is recognised as an adjustment to the effective interest rate and recorded in interest income;
- Income earned from provision of services is recognised as the services are provided; and
- Income earned on the execution of a significant act is recognised when the act is completed.

c) Residual values

The Company assesses objective evidence for impairment of residual values at each balance sheet date adjusting the depreciation recognised on operating leases amount accordingly. An impairment loss is incurred and measured as the shortfall between the carrying value of the residual interest and the discounted value of the estimated future cash flows, including cash flows from guarantors.

3. Turnover

Turnover arises from the Company's principal activity and represents fees and interest charged on the single class of business being the provision of instalment credit to business customers in the Technology sector, exclusive of VAT and intra-Company transactions. Turnover arises predominantly in the United Kingdom therefore segmental analysis has not been provided.

4. Auditors' remuneration

Auditors' remuneration of £5,171 is paid by CBG and borne by CBL, the immediate parent company.

Fees payable to PricewaterhouseCoopers LLP and their associates for non-audit services to the Company are not required to be disclosed as this is disclosed in the financial statements of the parent company on a consolidated basis

5. Interest income & expense

	2018 £	Restated 2017 £
Interest income		
Loans and advances to customers	608,036	85,530
Commission expense	(31,946)	(10,340)
Arrangement fees	27,850	2,165
	<u>603,940</u>	<u>77,355</u>
Interest expense		
Payable to parent undertaking on intra-group loans	(154,475)	(24,941)
	<u>(154,475)</u>	<u>(24,941)</u>
Net interest income	<u>449,465</u>	<u>52,414</u>

2017 comparatives were restated due to the reclassification of "Arrangement fees" (previously referred as "Upfront fees") and "Commission expenses" from "Fees and Commission income & expense" to "Net interest income"

6. Non-interest income

	2018 £	Restated 2017 £
Fees & commission income		
Administration fees	36,691	858
Settlement fees	3,979	-
	<u>40,670</u>	<u>858</u>
Fees & commission expense		
Other fee expense	(797)	-
	<u>(797)</u>	<u>-</u>
Other income	<u>20,291</u>	<u>858</u>
	<u>20,291</u>	<u>858</u>
Non-interest income	<u>60,164</u>	<u>1,716</u>

2017 comparatives were restated due to the reclassification of "Arrangement fees" (previously referred as "Upfront fees") and "Commission expenses" from "Fees and Commission income & expense" to "Net interest income"

Notes to the Financial Statements (continued)
for the year ended 31 July 2018

7. Administrative expenses

	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Depreciation of property, plant and equipment		
Amortisation of intangible assets	137,735	74,601
Depreciation of property, plant & equipment	5,073	5,047
	142,808	79,648
Operating lease payments		
Lease payments for rental of vehicles	77,980	47,389
	77,980	47,389
Staff Costs		
Wages and salaries	1,883,133	1,833,924
Social security costs	295,354	244,181
Other pension costs	44,814	29,041
	2,223,301	2,107,146
Other administrative expenses		
Marketing costs	233,169	204,453
Head office expenses	218,395	129,233
Legal, regulatory and professional fees	97,032	79,989
Information technology costs	51,918	44,433
Occupancy expenses	34,072	23,299
Other expenses	91,185	65,054
Bank charges	-	322
	725,771	546,783
Total administrative expenses	3,169,860	2,780,965
	2018	2017
The average number of employees (including executive Directors) was:		
Management	7	7
Other	10	9
	17	16

8. Directors' remuneration and transactions

	2018 £	2017 £
Directors' remuneration		
Emoluments	629,884	670,781
	<u>629,884</u>	<u>670,781</u>

Remuneration of the highest paid director:

Emoluments	401,480	426,149
	<u>401,480</u>	<u>426,149</u>

9. Taxation

	2018 £	2017 £
The tax charge comprises:		
Tax charged/(credited) to the income statement		
Current tax:		
UK Corporation tax	(465,581)	(572,046)
Foreign tax	-	-
Adjustments in respect of previous years	35,796	(1,595)
	<u>(429,785)</u>	<u>(573,641)</u>
Deferred tax:		
Deferred tax for the current year	(40,016)	29,190
Impact of deferred tax rate change	-	(4,979)
Adjustments in respect of previous years	(28,341)	3,152
	<u>(68,357)</u>	<u>27,363</u>
Total tax credit	<u>(498,142)</u>	<u>(546,278)</u>

Tax on items not charged/(credited) to the income statement

Current tax relating to:		
Share-based transactions tax allowance in excess of expense recognised	(847)	-
Deferred tax relating to:		
Share-based transactions tax allowance in excess of expense recognised	(140)	(225)

Reconciliation to tax expense

UK tax for the year at 19% (2017: 19.67%) on operating loss	(513,182)	(536,208)
Effect of different tax rates in other jurisdictions	-	-
Disallowable items and other permanent differences	3,420	2,753
Deferred tax impact of reduced UK corporation tax rate	4,165	(14,380)
Prior year tax provision	7,455	1,557
	<u>(498,142)</u>	<u>(546,278)</u>

9. Taxation (continued)

Movements in deferred tax assets and liabilities were as follows:

	Capital allowances	Pension scheme	Other	Total
	£	£	£	£
At 31 July 2017	(49,135)	-	6,206	(42,929)
Charge/(credit) to the income statement	36,649	-	31,708	68,357
Credit/(charge) to other comprehensive income	-	-	-	-
Charge to equity	-	-	140	140
At 31 July 2018	(12,486)	-	38,054	25,568

10. Intangible assets

	Software	Software under construction	Total
	£	£	£
Cost			
At 31 July 2016	-	503,140	503,140
Additions	185,537	-	185,537
Transfers	503,140	(503,140)	-
Disposals	-	-	-
At 31 July 2017	688,677	(0)	688,677
Additions	-	-	-
At 31 July 2018	688,677	(0)	688,677
Amortisation			
At 31 July 2016	-	-	-
Charge for the year	(74,601)	-	(74,601)
Impairment losses	-	-	-
At 31 July 2017	(74,601)	-	(74,601)
Charge for the year	(137,735)	-	(137,735)
At 31 July 2018	(212,336)	-	(212,336)
Net book value			
At 31 July 2017	614,077	(0)	614,077
At 31 July 2018	476,341	(0)	476,341

11. Tangible assets

	Computer equipment £	Assets held under operating leases £	Total £
Cost			
At 31 July 2016	14,264	-	14,264
Additions	960	1,723,312	1,724,272
At 31 July 2017	15,224	1,723,312	1,738,536
Additions		3,039,748	3,039,748
At 31 July 2018	15,224	4,763,060	4,778,284
Depreciation			
At 31 July 2016	(1,302)	-	(1,302)
Charge for the year	(5,048)	(150,184)	(155,232)
At 31 July 2017	(6,350)	(150,184)	(156,534)
Charge for the year	(5,073)	(872,214)	(877,287)
At 31 July 2018	(11,423)	(1,022,398)	(1,033,821)
Net book value			
At 31 July 2017	8,874	1,573,128	1,582,002
At 31 July 2018	3,801	3,740,662	3,744,463

12. Debtors

	2018 £	Restated 2017 £
Amounts falling due within one year:		
Finance receivables	4,628,112	982,852
Trade debtors	67,309	61,970
Corporation tax	148,702	257,455
Other taxation and social security	99,521	266,222
Prepayments	84,967	149,038
Other debtors	15,874	4,304
	5,044,485	1,721,840
Amounts falling due after more than one year:		
Finance receivables	7,678,810	2,150,049
	7,678,810	2,150,049
Total debtors	12,723,295	3,871,889

Notes to the Financial Statements (continued)
for the year ended 31 July 2018

12. Debtors (continued)

Included in finance receivables above are the following amounts:

	2018 £	2017 £
Finance receivables comprise		
Hire purchase agreement receivables	6,481,732	376,064
Finance lease receivables	3,686,095	2,002,023
Other loans and advances	2,139,096	754,814
	12,306,923	3,132,901

The following table shows a reconciliation between the gross investment in finance lease and hire purchase agreement receivables to present value of minimum lease and hire purchase payments.

Within one year	4,505,922	841,231
Between one and five years	7,072,896	1,816,979
After more than five years	-	-
	11,578,818	2,658,210
Unearned finance income	(1,195,083)	(280,122)
Present value of minimum lease and hire purchase agreement payments	10,383,735	2,378,088
Of which due:		
Within one year	4,040,717	752,783
Between one and five years	6,343,737	1,625,304
After more than five years	-	-
	10,384,453	2,378,087

13. Inventories

	As at 31 July 2018 £	As at 31 July 2017 £
New goods for resale	186,550	24,998
	186,550	24,998

14. Creditors

	As at 31 July 2018 £	As at 31 July 2017 £
Amounts falling due within one year:		
Amounts owed to parent undertakings	9,644,957	5,193,298
Accruals and deferred income	604,421	611,430
Other taxation and social security	58,327	51,998
Trade creditors	570,230	181,304
	10,877,935	6,038,030
Amounts falling due after more than one year:		
Amounts owed to parent undertakings	5,826,000	31,000
	5,826,000	31,000
Total creditors	16,703,935	6,069,030

15. Provisions

	Deferred tax £
As at 31 July 2017	(42,929)
Released	42,929
As at 31 July 2018	-

16. Retirement benefit schemes

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The total cost charged to charge to the income statement of £44,814 (2017: £29,041) represents contributions payable to these schemes by the Company at rates specified in the rules of the plans.

17. Financial commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
- within one year	58,597	51,561
- between two and five years	42,902	94,011
- after five years	-	-
	101,499	145,572

18. Financial instruments**Categories of financial instruments at fair value**

As a diversified Company of financial services businesses, financial instruments are central to the Company's activities. The risk associated with financial instruments represents a significant component of those faced by the Company and is analysed in more detail below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1.

a) Classification

The following tables analyse the Company's assets and liabilities in accordance with the categories of financial instruments in IAS 39.

	Loans & receivables	Other financial instruments at amortised cost	Total
	£	£	£
As at 31 July 2018			
Assets			
Finance receivables	12,306,922	-	12,306,922
Cash and cash equivalents	10,000	-	10,000
Other debtors	15,874	-	15,874
	12,332,796	-	12,332,796
Liabilities			
Amounts owed to parent undertakings	-	15,470,958	15,470,958
Trade creditors	-	570,230	570,230
	-	16,041,188	16,041,188
As at 31 July 2017			
Assets			
Finance receivables	3,132,901	-	3,132,901
Cash and cash equivalents	10,000	-	10,000
Other debtors	4,304	-	4,304
	3,147,205	-	3,147,205
Liabilities			
Amounts owed to parent undertakings	-	5,224,298	5,224,298
Trade creditors	-	181,304	181,304
	-	5,405,602	5,405,602

b) Valuation

The fair values of the Company's financial assets and liabilities are not materially different from their carrying values. The Company holds no financial instruments that are measured at fair value subsequent to initial recognition.

18. Financial instruments (continued)**c) Credit risk**

Credit risk is the risk of a reduction in earnings and/or value, as a result of the failure of a counterparty or associated party with whom the Company has contracted to meet its obligations in a timely manner and arises mainly from the lending activities.

The Company's lending activities are generally short-term in nature with low average loan size in order to control concentration risk in the loan book and associated collateral. In addition, the Company applies consistent and prudent lending criteria mitigating credit risk. The credit quality of counterparties with whom the Company deposits or whose debt securities are held is monitored within approved limits.

Loans and advances are spread across different asset classes.

Maximum exposure to credit risk

The table below presents the Company's maximum exposure to credit risk, before taking account of any collateral and credit risk mitigation, arising from its on balance sheet financial instruments at 31 July 2018.

	2018 £	2017 £
On balance sheet		
Finance receivables	12,306,922	3,132,901
Amounts due from parent undertakings	-	-
Cash held at other banks	10,000	10,000
Other debtors	15,874	4,304
Total maximum exposure to credit risk	12,332,796	3,147,205

There was no off-balance sheet exposure as at 31 July 2018.

i) Neither past due nor impaired

These financial assets reflect the application of consistent and conservative lending criteria on inception and the quality and level of security held. The contractual repayments are monitored to ensure that classification as neither past due nor impaired remains appropriate.

The following table shows the ageing of financial assets split by credit assessment method which are neither past due nor impaired.

	Within one month £	Between one and three months £	Between three months and one year £	Over one year £	Total £
Loans and advances to customers					
At 31 July 2018					
Individually assessed	1,069,655	665,217	2,784,058	7,304,941	11,823,871
Total	1,069,655	665,217	2,784,058	7,304,941	11,823,871
At 31 July 2017					
Individually assessed	148,450	184,832	711,540	2,150,049	3,194,871
Total	148,450	184,832	711,540	2,150,049	3,194,871

18. Financial Instruments (continued)

c) Credit risk (continued)

ii) Past due but not impaired

Loans and advances to customers are classified as past due but not impaired when the customer has failed to make a payment when contractually due but there is no evidence of impairment. This includes loans which are individually assessed for impairment but where the value of security is sufficient to meet the required repayments. This also includes loans to customers which are past due for technical reasons such as delays in payment processing or rescheduling of payment terms.

	Within one month £	Between one and three months £	Between three months and one year £	Over one year £	Total £
At 31 July 2018					
Individually assessed	449,889				449,889
Total	449,889	-	-	-	449,889
At 31 July 2017					
Individually assessed	-	-	-	-	-
Total	-	-	-	-	-

iii) Impaired

The factors considered in determining whether assets are impaired are outlined in the accounting policies in note 1(g). Impaired loans and advances to customers are analysed according to whether the impairment provisions are individually assessed.

Individually assessed provisions are determined on a case by case basis, taking into account the financial condition of the customer and an estimate of potential recovery from the realisation of security.

The gross impaired loans are quoted without taking account of any collateral or security held, which could reduce the potential loss. Although the coverage ratio has increased year-on-year to 85% (2017: 0%), the application of conservative loan-to-value ratios on inception and the emphasis on the quality of the security provided are reflected in the low levels of impaired loans.

	Gross impaired loans £	Provisions £	Net impaired loans £
At 31 July 2018			
Individually assessed	249,047	(212,498)	36,549
Total	249,047	(212,498)	36,549
At 31 July 2017			
Individually assessed	-	-	-
Total	-	-	-

18. Financial Instruments (continued)

d) Market risk

Market risk is the risk that a change in the value of an underlying market variable, such as interest or foreign exchange rates, will give rise to an adverse movement in the value of the Company's assets. The Company has no exposure to foreign exchange risk.

i) Interest rate risk

The Company's exposure to interest rate fluctuations relates primarily to the returns from its net loan book and funding. The Company's policy is to match repricing characteristics of assets and liabilities naturally where possible or by using interest rate swaps where necessary to secure the margin on its loans and advances to customers.

The sensitivities below are based upon reasonably possible changes in interest rate scenarios, including parallel shifts in the yield curve. At 31 July 2018, changes in interest rates compared to actual rates would increase/(decrease) the Company's annual net interest income by the following amounts:

	2018 £	2017 £
+1% increase in interest rates	(19,616)	(22,680)
- 1% decrease in interest rates	19,616	22,680

e) Liquidity Risk

Liquidity risk is the risk that liabilities cannot be met when they fall due or can only be met at an uneconomic price.

The Company has a prudent liquidity position with total available funding at 31 July 2018 of £15,470,957 (2017: £5,224,298). The Company measures liquidity risk with a variety of measures including regular stress testing and cash flow monitoring, and reporting to both the Company and divisional boards.

The following table analyses the contractual maturities of the Company's on-balance sheet financial liabilities on a discounted cash flow basis.

	On demand £	In less than three months £	In more than three months but less than six months £	In more than six months but less than one year £	In more than one year but less than five years £	In more than five years £	Total £
As at 31 July 2018							
Liabilities							
Amounts owed to parent undertakings	2,019,957	3,531,250	1,031,250	3,062,500	5,826,000	-	15,470,957
Trade creditors	-	570,230	-	-	-	-	570,230
	2,019,957	4,101,480	1,031,250	3,062,500	5,826,000	-	16,041,187

18. Financial Instruments (continued)

e) Liquidity Risk (continued)

	On demand	In less than three months	In more than three months but less than six months	In more than six months but less than one year	In more than one year but less than five years	In more than five years	Total
As at 31 July 2017							
Liabilities							
Amounts owed to parent undertakings	2,293,298	-	2,900,000	-	31,000	-	5,224,298
Trade creditors	-	181,304	-	-	-	-	181,304
	2,293,298	181,304	2,900,000	-	31,000	-	5,405,602

19. Capital management

The Company's Capital Management policy is governed by its ultimate parent, CBG (the Group).

The Group's policy is to be well capitalised and its approach to capital management is driven by strategic and organisational requirements, while also taking into account the regulatory and commercial environments in which it operates. Information on this policy can be found in the group's 2018 Annual Report and on the Group's website www.closebrothers.com/investor-relations/investor-information/results-reports-and-presentations.

The Group maintains capital adequacy ratios above minimum regulatory requirements. The Group's individual regulated entities, where applicable, complied with all of the externally imposed capital requirements to which they are subject for the years ended 31 July 2018 and 2017.

20. Capital

Allotted, called up and fully-paid capital comprise of 1,000,000 ordinary shares of £1 each. The Company has one class of ordinary shares which carry no right to fixed income. In the event of liquidation, assets would be distributed among the holders of ordinary shares in proportion to the amounts paid up on the ordinary shares, after any distributions to holders of preference shares. During the year the Company issued 400,000 shares for £1.00 each to existing shareholders in proportion to their existing shareholding. These new shares have the same right as the ordinary shares issued as at 31 July 2017.

Allotted, called up and fully-paid preference share capital comprise of 5,125,000 preference shares of £1 each, 1,850,000 issued on the 25 July 2017, 1,325,000 issued on 28 July 2016 and 1,950,000 on 26 July 2018 for cash consideration. If a dividend or other distribution is made or paid by the Company, then the preference shares shall have the right to a fixed cumulative preferential dividend at a rate of 6% per annum, compounding yearly. These shares carry no voting rights and are redeemable at the Company's option at any time. During the year the Company issued 1,950,000 preference shares at a nominal value of £1.00 each to CBL. These new shares have the same right as the preference shares issued as at 31 July 2017.

21. Share based awards

Share-based awards have been granted under the following Close Brothers Group plc share schemes: Deferred Share Awards ("DSA"), Save As You Earn ("SAYE"), Long Term Incentive Plan ("LTIP") and Share Matching Plan ("SMP").

The table below shows the weighted average market price at the date of exercise:

	2018	2017
SAYE	-	-
DSA	1,494	1,327

21. Share based awards (continued)

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

Exercise price range	Options outstanding 2018	Weighted average remaining contractual life Years	Options outstanding 2017	Weighted average remaining contractual life Years
	Number outstanding		Number outstanding	
SAYE				
Between £5 and £6	-	-	-	-
Between £6 and £7	-	-	-	-
Between £9 and £10	-	-	-	-
Between £11 and £12	2,160	-	-	-
Between £12 and £13	583	2.3	583	3.3
LTIP				
Nil	-	-	-	-
DSA				
Nil	167	0.6	2,458	1.0
Total	2,910	2.0	3,041	1.5

Following a review of the Remuneration Policy ("Policy") last year, a new Policy was approved by shareholders at the Annual General Meeting in November 2017. Under this new Policy, DSA and LTIP were updated and SMP was discontinued while SAYE remained unchanged. The following summary information relates to the current Policy only. Please refer to CBG's Annual Report 2018 for full details of the schemes.

DSA is predominantly a mandatory deferral of a portion of the performance related annual bonus. The deferral is in the form of nil cost options and vests either fully after two years or one third per year over three years.

Performance related annual bonus in excess of 100% of salary is usually deferred.

When the options are called for, the employee is entitled to an amount in cash equal to the dividends which would have been paid on vested shares over the period of deferral.

SAYE is open to all eligible employees on the same terms and options are granted for a fixed contract period of three or five years, at an exercise price at a discount of 20% to the mid-market price at the date of invitation to participate.

22. Significant events

There are no significant events after the reporting period affecting the Company that require disclosure in the financial statements.

23. Related party transactions

The Company has adopted the disclosure exemptions in FRS101. Therefore, transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member, are not disclosed in the accounts.

24. Controlling party

In the opinion of the Directors, the Company's ultimate parent company and ultimate controlling party is Close Brothers Group plc, a Company incorporated in the United Kingdom. The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Close Brothers Group plc.

The parent undertaking of the smallest such group is Close Brothers Limited, a Company incorporated in the United Kingdom. Copies of the group financial statements of Close Brothers Group plc and Close Brothers Limited are available from 10 Crown Place, London EC2A 4FT. The Company's immediate controlling party is Close Brothers Limited.