

Company Registration No. 10867926 (England and Wales)

MOMENTUM PENSIONS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

MOMENTUM PENSIONS GROUP LIMITED

COMPANY INFORMATION

Directors	Mr M J Gaywood	(Appointed 17 July 2017)
	Mr S J Davies	(Appointed 27 June 2018)
	Mr D F Borg	(Appointed 17 July 2017)
Secretary	Miss H Smyth	
Company number	10867926	
Registered office	Stafford Court 145 Washway Road Sale	
Auditor	Barlow Andrews LLP Carlyle House 78 Chorley New Road Bolton	

MOMENTUM PENSIONS GROUP LIMITED

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MOMENTUM PENSIONS GROUP LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors of Momentum Pensions Group Limited present their strategic report for the period ended 31 December 2018.

Fair review of the business

On 17 July 2017 Momentum Pensions Group Limited acquired all of the shares of the companies listed in note 16 in exchange for 100% of its share capital. These financial statements have been prepared using acquisition accounting.

The company is a holding company and its subsidiary undertakings are licensed by the applicable regulatory authority of each respective country, being the United Kingdom, Malta, Gibraltar and the Isle of Man, to act as retirement scheme administrators. In this regards the subsidiaries act as trustee and administrator for the trust schemes.

Development and performance

The results of the group for the period, as set out on pages 8 to 36, illustrate a profit for the financial period before tax of £1.7M whilst the shareholders' funds of the Group total £3.1M.

The group's performance during the financial period 2018 has produced significant progress and positive results. The group has experienced continued growth during 2018 with all jurisdictions reporting a profit for the year ending 31 December 2018 along with an overall increase in the number of members under each jurisdiction's trust scheme. The group has continued to build an excellent relationship with each jurisdiction's regulator, this in turn has helped the group to channel its internal processes towards delivering a higher standard in terms of regulator expectations around trustee behaviour, investment acceptance criteria along with the group's compliance policies and procedures.

The group has reported a strong cash position for the period 2018 of £6M. This will ensure that the group has a comfortable liquidity cover in order to maintain its liquidity requirements. Moreover, the total assets under administration under the four jurisdiction's trust schemes total £1.8 BN.

MOMENTUM PENSIONS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

Market Developments

This reportable success has been at the backdrop of numerous market changes and uncertainties, all of which will have some impact on the group. First of all, the group is impacted by the uncertainty taking place due to the ongoing brexit process. In this regard, brexit has been considered and analysed by the group in order to determine the impact on the group's operating activities and the resulting effect on financial figures. The group has also analysed the scenario of a hard brexit and at this stage has concluded that there will be no material impact. It is the objective of the directors of the group to continue to monitor the brexit situation for any developments which might have a direct impact on the group and to act quickly in this respect.

Momentum Group operates in a highly regulated environment and during the reportable period, there were two significant changes in legislation. Firstly, The Markets in Financial Instruments Directive II (MiFID II) became effective from January 2018 and secondly, the General Data Protection Regulation (GDPR) came into force in May 2018. During the reportable period, the group's compliance department has taken the necessary action in order to reinforce its processes and policies in order to ensure that the group complies with the new legislation in a timely manner.

Business Strategy

The group's success is dependant on ensuring that Risk Management is at the forefront of Momentum's agenda. In this regard the group aims to deal with only the best advisers in the industry in order to strengthen and ensure adherence to the Investment Restrictions being imposed by the group. Such Investment Restrictions have recently been reinforced by the group.

Conclusions and outlook

Looking ahead, macro uncertainties may impose certain uncertainties on the group, however the outlook for the group is considered as positive with the directors forecasting an increase in revenue and profitability as well as an overall increase in the number of members under its schemes.

On behalf of the board

Mr S J Davies

Director

30 May 2019

MOMENTUM PENSIONS GROUP LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the period ended 31 December 2018. Momentum Pensions Group Limited was incorporated on 17 July 2017 and acquired the shares of its subsidiaries via a share for share exchange on 22 February 2018.

Principal activities

The company did not trade but acts as a holding company. The principal activities of its subsidiaries are the provision of SIPP and SSAS administration, together with acting as a trustee and administrator for a privately controlled Trust Scheme and undertaking services as a registered retirement scheme administrator.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr M J Gaywood	(Appointed 17 July 2017)
Mr S J Davies	(Appointed 27 June 2018)
Mr D F Borg	(Appointed 17 July 2017)

Results and dividends

The results for the period are set out on page 8.

Ordinary dividends were paid amounting to £320,000. The directors do not recommend payment of a further dividend.

Future developments

The group's digital strategy has outlined the vital importance of having a specialised pension system which will aid the group to operate effectively. In this regard, Momentum is in the final stages of developing an in-house pension system which will be launched in 2019. The robustness of the pension system will ensure that we are able to stay at the forefront in the competitive pensions industry and deliver an impeccable service to its stakeholders.

It is the strategy of the group to continue expanding its business portfolio and in this regard the group has in 2019 launched a new product, being the Momentum US SIPP. The group is envisioning a positive outcome from the introduction of this product.

Auditor

Barlow Andrews LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

MOMENTUM PENSIONS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

Statement of directors' responsibilities

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

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

On behalf of the board

Mr S J Davies
Director

30 May 2019

MOMENTUM PENSIONS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MOMENTUM PENSIONS GROUP LIMITED

Opinion

We have audited the financial statements of Momentum Pensions Group Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2018 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial statements have been prepared under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's profit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MOMENTUM PENSIONS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MOMENTUM PENSIONS GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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.

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

MOMENTUM PENSIONS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MOMENTUM PENSIONS GROUP LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Kay (Senior Statutory Auditor)
for and on behalf of Barlow Andrews LLP

30 May 2019

Chartered Accountants
Statutory Auditor

Carlisle House
78 Chorley New Road
Bolton

MOMENTUM PENSIONS GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Notes	Period ended 31 December 2018 £
Revenue	4	5,037,334
Cost of sales		(54,450)
Gross profit		4,982,884
Administrative expenses		(3,296,864)
Operating profit	5	1,686,020
Investment income	9	14,147
Finance costs	10	(1,904)
Profit before taxation		1,698,263
Tax on profit	11	(366,820)
Profit for the financial period	26	1,331,443

Total comprehensive income for the period is all attributable to the owners of the parent company.

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

MOMENTUM PENSIONS GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	£
Non-current assets			
Intangible assets	13		207,564
Property, plant and equipment	14		122,217
Deferred tax asset	17		37,940
			<u>367,721</u>
Current assets			
Trade and other receivables	19	672,105	
Cash and cash equivalents		6,039,978	
		<u></u>	6,712,083
Current liabilities	20		
Taxation and social security		799,222	
Other payables		3,084,300	
		<u>3,883,522</u>	
Net current assets			<u>2,828,561</u>
Total assets less current liabilities			3,196,282
Non-current liabilities	21		(67,000)
Provisions for liabilities	22		(25,845)
Net assets			<u><u>3,103,437</u></u>
Equity			
Called up share capital	25		86
Share premium account	26		2,091,908
Retained earnings	26		1,011,443
Total equity			<u><u>3,103,437</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 May 2019 and are signed on its behalf by:

Mr S J Davies
Director

MOMENTUM PENSIONS GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	£
Non-current assets			
Investments	15		2,091,994
Current assets			
Cash and cash equivalents		424,994	
Current liabilities	20	(14,400)	
Net current assets			410,594
Total assets less current liabilities			2,502,588
Equity			
Called up share capital	25		86
Share premium account	26		2,091,908
Retained earnings	26		410,594
Total equity			2,502,588

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes.
The company's profit for the period was £730,594.

The financial statements were approved by the board of directors and authorised for issue on 30 May 2019 and are signed on its behalf by:

Mr S J Davies
Director

Company Registration No. 10867926

MOMENTUM PENSIONS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Period ended 31 December 2018:					
Profit and total comprehensive income for the period		-	-	1,331,443	1,331,443
Dividends	12	-	-	(320,000)	(320,000)
Other movements		86	2,091,908	-	2,091,994
Balance at 31 December 2018		<u>86</u>	<u>2,091,908</u>	<u>1,011,443</u>	<u>3,103,437</u>

MOMENTUM PENSIONS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

		Share capital	Share premium account	Retained earnings	Total
	Notes	£	£	£	£
Period ended 31 December 2018:					
Profit and total comprehensive income for the period		-	-	730,594	730,594
Dividends	12	-	-	(320,000)	(320,000)
Other movements		86	2,091,908	-	2,091,994
Balance at 31 December 2018		<u>86</u>	<u>2,091,908</u>	<u>410,594</u>	<u>2,502,588</u>

MOMENTUM PENSIONS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Notes	2018 £	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	30	2,663,595	
Interest paid		(1,904)	
Income taxes paid		(363,064)	
Net cash inflow/(outflow) from operating activities			2,298,627
Investing activities			
Purchase of intangible assets		(90,718)	
Purchase of property, plant and equipment		(50,430)	
Interest received		14,147	
Net cash used in investing activities			(127,001)
Financing activities			
Dividends paid to equity shareholders		(320,000)	
Net cash used in financing activities			(320,000)
Net increase in cash and cash equivalents			1,851,626
Cash and cash equivalents at beginning of period			-
Cash acquired on acquisition of subsidiary			4,188,352
Cash and cash equivalents at end of period			6,039,978

MOMENTUM PENSIONS GROUP LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Notes	2018 £	£
Cash flows from operating activities			
Cash absorbed by operations	31		(5,006)
Investing activities			
Dividends received		750,000	
Net cash generated from/(used in) investing activities			750,000
Financing activities			
Dividends paid to equity shareholders		(320,000)	
Net cash used in financing activities			(320,000)
Net increase in cash and cash equivalents			424,994
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			424,994

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Momentum Pensions Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 145 Washway Road, 2nd Floor, Stafford Court, Sale.

The group consists of Momentum Pensions Group Limited and all of its subsidiaries.

1.1 Accounting convention

The financial statements of Momentum Pensions Group Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Investments in subsidiaries are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Momentum Pensions Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

All subsidiaries have been included in the group financial statements using the purchase method of accounting. Accordingly, the group income statement and statement of cash flows include the results and cash flows of all of its subsidiaries for the 10 month period from its acquisition on 22 February 2018. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Reporting period

These financial statements are for the 17 month period from incorporation on 17 July 2018 until 31 December 2018.

1.5 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when (or as) it satisfies a performance obligation by transferring control of a promised good or service to the customer.

The main sources of income derived by the group from the provision of services are recognised as follows:

- Annual trust fee is realised as revenue over the passage of time
- Set up fees are recognised over time which is determined to be the period required by the Scheme and the Group to acquire the initial investment portfolio for a member.
- Termination fees are recognised at the time a member leaves.

1.6 Intangible fixed assets other than goodwill

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the group and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost. Expenditure on an intangible asset is recognised as an expense in the period when it is incurred unless it forms part of the cost of the asset that meets the recognition criteria.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised. Amortisation is charged to profit or loss so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives. The amortisation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Computer software

In determining the classification of an asset that incorporates both intangible and tangible elements, judgement is used in assessing which element is more significant. Computer software, which is an integral part of the related hardware is classified as property and equipment and accounted for in accordance with the company's accounting policy on property and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over 4 -10 years.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.7 Property, plant and equipment

The Groups property, plant and equipment consists of furniture, fixtures and other equipment.

Property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property and equipment is recognised as an expense when incurred.

Tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Plant and equipment	10-25% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

1.8 Non-current investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and demand deposits.

1.10 Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Classification of financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The business model

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The information considered includes: (a) the stated policies and objectives for the portfolio and the operation of those policies in practice; (b) how the performance of the portfolio is evaluated and reported to the group's management; (c) the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; (d) how managers of the business are compensated; and (e) the frequency, value and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Debt instruments measured at amortised cost

The following financial assets are classified within this category - trade receivables, cash at bank, loans receivable and amounts due from shareholders. Appropriate allowances for expected credit losses ('ECLs') are recognised in profit or loss in accordance with the group's accounting policy on ECLs.

Appropriate allowances for expected credit losses (ECLs) are recognised in profit or loss in accordance with the group's accounting policy on ECL's.

Interest income is recognised using the effective interest method and is included in the line item 'Investment income'.

Trade receivables which do not have a significant financing component are initially measured at their transaction price and are subsequently stated at their nominal value less any loss allowance for ECLs.

Financial liabilities and equity

- Trade and other payables are classified with current liabilities and are stated at their nominal value.
- Ordinary shares issued by the company are classified as equity instruments.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

ECLs

The group recognises a loss allowance for ECLs on the debt instruments measured at amortised cost.

The amount of ECLs is updated at each reporting date to reflect changes in credit risk since the initial recognition.

For trade receivables that do not contain a 'significant financing component' (or for which the IFRS 15 practical expedient for contracts that are one year or less is applied), the group applies the simplified approach and recognises lifetime ECL.

For all other financial instruments, the group uses the general approach and recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL (12m ECL'). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort and, where applicable, the financial position of the counterparties.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Forward-looking information considered includes consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information, that is available without undue cost or effort, that demonstrates otherwise.

Despite the above assessment, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Accordingly, for these financial assets, the loss allowance is measured at an amount equal to 12m ECL. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions. The group has applied the low credit risk assumption for all of its financial assets.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Definition by default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Measurement and recognition of ECLs

For financial assets, the credit loss is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. ECLs represent the weighted average of credit losses with the respective risks of a default occurring as the weights.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information, where applicable.

Where applicable, forward looking information considered includes the future prospects of the industries include consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Collective basis

If evidence of a significant increase in credit risk at the individual instrument level is not yet available, the Group performs the assessment of significant increases in credit risk on a collective basis by considering information on, for example, a group or sub-group of financial instruments.

Where the Group does not have reasonable and supportable information that is available without undue cost or effort to measure lifetime ECL on an individual instrument basis, lifetime ECL is measured on a collective basis.

Impairment of other assets

All other assets are tested for impairment. At the end of each reporting period, the carrying amount of assets is reviewed to determine whether there is an indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated. Impairment losses are recognised immediately in profit or loss.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of non-current assets.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.17 New standards and interpretations issued but not yet effective and not early adopted

At the date of authorisation of this financial information, certain new standards have been published but are not yet effective, and have not been adopted early by the group. These are listed below:

IFRS 16 Leases - effective 1 January 2019

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

The directors are currently reviewing new and revised IFRS as adopted by the EU that were in issue at the date of authorisation of these financial statements, but not yet effective, to determine whether these will have a material impact on the financial statements of the group in the period of initial application.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

2 Initial application of an International Financial Reporting Standard and International Financial Reporting Standards in issue but not yet effective

IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies.

The Group has considered the impact of IFRS 15 and as a result set-up fees are recognised over a period of time which is determined to be the period required by the Scheme and the Group to set up the initial investment portfolio for a member. A proportion of the set-up fee is amortised over the period until the initial investment of the member has been set-up in the Scheme.

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

The entity has considered the impact of IFRS 9 and has concluded that the application of IFRS 9 has not had a significant impact on the financial position and/or performance of the Group. There have been no changes in the carrying amounts of financial assets.

3 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

4 Revenue

	2018 £
Revenue analysed by class of business	
Set up fees	372,033
Annual administration fees	4,265,277
Other fees	400,024
	<u>5,037,334</u>
	<u>2018 £</u>
Other significant revenue	
Interest income	14,147
	<u>2018 £</u>
Revenue analysed by geographical market	
UK	1,782,459
Europe	3,142,363
Rest of the World	112,512
	<u>5,037,334</u>

The group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less.

5 Operating profit

	2018 £
Operating profit for the period is stated after charging:	
Depreciation of owned property, plant and equipment	34,135
Amortisation of intangible assets	11,840
Operating lease charges	30,142
	<u>76,117</u>

6 Auditor's remuneration

	2018 £
Fees payable to the company's auditor and associates:	
For audit services	
Audit of the financial statements of the group and company	12,000
Audit of the financial statements of the company's subsidiaries	12,670
	<u>24,670</u>

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the period was:

	Group 2018 Number	Company 2018 Number
Professional	60	3

Their aggregate remuneration comprised:

	Group 2018 £	Company 2018 £
Wages and salaries	1,991,589	-
Social security costs	167,594	-
Pension costs	17,063	-
	2,176,246	-

8 Directors' remuneration

	2018 £
Remuneration for qualifying services	304,875

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2018 £
Remuneration for qualifying services	194,900

9 Investment income

	2018 £
Interest income	
Interest on bank deposits	14,147

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	14,147
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MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

10 Finance costs

	2018 £
Other finance costs:	
Other interest	1,904
	<u>1,904</u>

11 Taxation

	2018 £
Current tax	
UK corporation tax on profits for the current period	415,760
Adjustments in respect of prior periods	(56,367)
	<u>359,393</u>
Deferred tax	
Origination and reversal of timing differences	7,427
	<u>7,427</u>
Total tax charge	<u>366,820</u>

The actual charge for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2018 £
Profit before taxation	1,698,263
	<u>1,698,263</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	322,670
Tax effect of expenses that are not deductible in determining taxable profit	7,344
Tax effect of income not taxable in determining taxable profit	(442)
Permanent capital allowances in excess of depreciation	8,732
Research and development tax credit	(41,529)
Effect of overseas tax rates	124,395
Under/(over) provided in prior years	(56,367)
Other differences	2,017
	<u>366,820</u>
Taxation charge	<u>366,820</u>

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

12 Dividends

	2018 £ per share	2018 £
Amounts recognised as distributions to equity holders:		
Interim paid - Ordinary shares	3,721	320,000
		<u>320,000</u>

13 Intangible fixed assets

Group	Software £
Cost	
At 17 July 2017	-
Additions - separately acquired	219,404
At 31 December 2018	<u>219,404</u>
Amortisation and impairment	
At 17 July 2017	-
Amortisation charged for the period	11,840
At 31 December 2018	<u>11,840</u>
Carrying amount	
At 31 December 2018	<u>207,564</u>

The company had no intangible fixed assets at 31 December 2018.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

14 Property, plant and equipment

Group	Plant and equipment £
Cost	
At 17 July 2017	-
Additions	156,352
At 31 December 2018	156,352
Depreciation and impairment	
At 17 July 2017	-
Depreciation charged in the period	34,135
At 31 December 2018	34,135
Carrying amount	
At 31 December 2018	122,217

The company had no property, plant and equipment at 31 December 2018.

15 Fixed asset investments

	Notes	Group 2018 £	Company 2018 £
Investments in subsidiaries	16	-	2,091,994

Movements in non-current investments Company

	Shares in group undertakings £
Cost or valuation	
At 17 July 2017	-
Additions	2,091,994
At 31 December 2018	2,091,994
Carrying amount	
At 31 December 2018	2,091,994

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Momentum Pensions Malta Limited	Ground Floor, Crown Marina, Ta' Xbiex Seafront, Ta' Xbiex, Malta	Retirement Scheme Administrator	Ordinary	100.00
Momentum Pensions (Gibraltar) Limited	10A Town Range, PO Box 872, Gibraltar	Administrator for the Momentum Gibraltar Pension Plan	Ordinary	100.00
Momentum Pensions Limited (Isle of Man)	Westmoreland House, 32 Circular Road, Douglas, Isle of Man	Pension Trustees and Administrators	Ordinary	100.00
Momentum Pensions Limited (UK)	Stafford Court, 145 Washway Road, Sale	Provision of SIPP and SSAS administration	Ordinary	100.00

17 Deferred tax asset - Group

	2019 £
Balance at 17 July 2019	-
Movement arising on temporary differences	37,940
Balance at 31 December 2019	<u>37,940</u>

18 Financial instruments

	Group 2018 £	Company 2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>580,449</u>	<u>-</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>3,883,522</u>	<u>14,400</u>

At 31 December 2018 the carrying amounts of financial assets and financial liabilities classified within current assets and current liabilities approximated their fair values due to the short-term maturities of these assets and liabilities.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

19 Trade and other receivables

	Group 2018 £	Company 2018 £
Amounts falling due within one year:		
Trade receivables	550,158	-
Other receivables	30,291	-
Prepayments and accrued income	91,656	-
	<u>672,105</u>	<u>-</u>

During the year an allowance has been made for estimated irrecoverable amounts from the provision of services of £85,000.

20 Current liabilities

	Group 2018 £	Company 2018 £
Trade payables	58,499	-
Gross amounts owed to contract customers	2,625,057	-
Amounts owed to group undertakings	-	2,400
Corporation tax payable	723,691	-
Other taxation and social security	75,531	-
Other payables	47,881	-
Accruals and deferred income	352,863	12,000
	<u>3,883,522</u>	<u>14,400</u>

21 Non-current liabilities

	Group 2018 £	Company 2018 £
Other payables	<u>67,000</u>	<u>-</u>

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities
	2018
Group	£
Accelerated capital allowances	25,845
	<u>25,845</u>

The company has no deferred tax assets or liabilities.

	Group	Company
	2018	2018
	£	£
Movements in the period:		
Liability at 17 July 2017	-	-
Charge to statement of comprehensive income	25,845	-
	<u>25,845</u>	<u>-</u>
Liability at 31 December 2018	<u>25,845</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Financial risk management

The exposures to risks and the way risks arise, together with the group's objectives, policies and processes for managing and measuring risks are disclosed in more details below.

The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

Where possible, the group aims to reduce and control risk concentrations. Concentrations of financial risk arise when financial instruments with similar characteristics are influenced in the same way by changes in economic of other factors.

Credit risk

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash at bank and debtor balances in relation to membership fees from members for which contributions have not yet been received.

Cash at bank is placed with a reliable financial institution, thereby reducing the concentration of counterparty credit risk to an acceptable level. No ECL has been recorded for cash at bank as these have been determined to be insignificant.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

23 Financial risk management

(Continued)

Due to the nature of the business and resulting debtors balances arising, credit risk with respect to receivables is limited and controlled. Included in the group's trade receivable balance are the following debtors which are past due at the reporting period:

	2018 £
61-90 days	53,585
91-180 days	110,141
>180 days	106,603

Management considers the credit quality of these assets as being acceptable.

Capital risk

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise the return to stakeholders through the optimisation of the debt and equity balance.

The group's directors manage the group's capital structure and make adjustments to it in the light of economic conditions of relevant legislation. The capital structure is reviewed on an ongoing basis.

The group also ensures that it complies with the capital requirements set by relevant regulatory authorities of each jurisdiction. The requirement must be maintained at all times throughout the period and in this regards the group monitors its capital level on a regular basis. The group met its capital requirements throughout the reporting period.

The group has a fiduciary obligation towards the participants to act in the best interest of these participants. Such activities require the group, acting as Trustee, to invest participants' capital in financial instruments in accordance with the participants' investment preferences as well as holding client monies.

Prior to investing the individual's capital, the Trustee ensures that adequate advice and clearance has been obtained from the participant's professional advisor.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with its financial liabilities. The group monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows.

Liquidity risk is not considered to be significant at the end of the reporting period.

Interest rate risk

The group is exposed to cash flow interest rate risk on bank balances held at a floating rate of interest amounting to £6,039,815.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

23 Financial risk management

(Continued)

Currency risk

Foreign currency transactions arise when the group buys or sells goods or services whose price is denominated in a foreign currency, borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency or acquired or disposes of assets, or incurs or settles liabilities denominated in a foreign currency.

A portion of the groups operational costs are denominated in Euro.

The directors believe that the group is not significantly exposed to currency risk and accordingly, a sensitivity analysis for foreign exchange risk disclosing how comprehensive income and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

24 Retirement benefit schemes

2018

Defined contribution schemes

£

Charge to profit or loss in respect of defined contribution schemes

17,063

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

Group and
company

2018

Ordinary share capital

£

Issued and fully paid

86 Ordinary share of £1 each

86

On incorporation the Company issued 80 £1 ordinary shares. In addition a further 6 Ordinary £1 shares were issued on 31 August 2018.

Each share is entitled to one vote in any circumstances. Each share is entitled to share equally in dividend payments or any other distribution, including a distribution arising from the winding up of the company.

26 Reserves

Share premium

The share for share exchange agreement generated total share premium of £2,091,908.

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

27 Acquisitions

On 22 February 2018 the group acquired 100 percent of the issued capital of the subsidiaries as listed in note 16.

	Book Value £	Adjustments £	Fair Value £
Property, plant and equipment	250,337	-	250,337
Trade and other receivables	1,238,491	-	1,238,491
Cash and cash equivalents	4,188,352	-	4,188,352
Trade and other payables	(2,870,852)	-	(2,870,852)
Tax liabilities	(729,353)	-	(729,353)
Deferred tax	15,019	-	15,019
	<u>2,091,994</u>	<u>-</u>	<u>2,091,994</u>
Total identifiable net assets			
Goodwill			-
Total consideration			<u>2,091,994</u>
The consideration was satisfied by:			£
Issue of shares			86
Share premium			2,091,908
			<u>2,091,994</u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Revenue			5,037,334
Profit after tax			<u>1,331,443</u>

28 Financial commitments, guarantees and contingent liabilities

Contingent liabilities are potential obligations which depend whether some uncertain future event not wholly within the control of the group occurs, where the payment is not probable and the amounts cannot be measured reliably. The group exercises judgement in measuring and recognising contingent liabilities and assets relating to outstanding claims subject to negotiations and arbitration outcomes. Any arbitration outcome is subject to appeal. Judgement is necessary to assess the likelihood of the outcome of any pending claim.

Based on detailed external legal advice all and any pending claims against the group have no merit. However, the group's estimated exposure to contingent liabilities amounted to a net exposure of £228,106 (maximum potential claim of £2,512,433 less the maximum potential recoverable amount (contingent asset in favour of the group, which are potential amounts receivable from the Insurance Company - AIG Europe Limited) of £2,284,328).

MOMENTUM PENSIONS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

29 Operating lease commitments

Lessee

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

	Group 2018 £	Company 2018 £
Within one year	21,598	-
Between two and five years	38,448	-
	<u>60,046</u>	<u>-</u>

30 Cash generated from group operations

	2018 £
Profit for the period after tax	1,331,443
Adjustments for:	
Taxation charged	366,820
Finance costs	1,904
Investment income	(14,147)
Amortisation and impairment of intangible assets	11,840
Depreciation and impairment of property, plant and equipment	34,135
Movements in working capital:	
Decrease in trade and other receivables	566,386
Increase in trade and other payables	365,214
Cash generated from/(absorbed by) operations	<u><u>2,663,595</u></u>

31 Cash generated from operations - company

	2018 £
Profit for the period after tax	730,594
Adjustments for:	
Investment income	(750,000)
Movements in working capital:	
Increase in trade and other payables	14,400
Cash absorbed by operations	<u><u>(5,006)</u></u>

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