

BENCHMARK CAPITAL LIMITED

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017**

COMPANY NUMBER: 09404621

WEDNESDAY



A28 *A7DUQ08R*
05/09/2018 #320
COMPANIES HOUSE

BENCHMARK CAPITAL LIMITED
CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	5
Report of the Independent Auditor	7
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Consolidated Financial Statements	15

COMPANY INFORMATION
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

DIRECTOR:

I R Cooke	
K S Hare	(Appointed 15 December 2016)
J J Lasenby	(Appointed 15 December 2016)
P Harrison	(Appointed 15 December 2016)
A J S Ross	(Appointed 15 December 2016)
R E Stoakley	(Appointed 15 December 2016)

REGISTERED OFFICE:

Sussex House
North Street
Horsham
West Sussex
RH12 1RQ

REGISTERED NUMBER:

09404621 (England and Wales)

AUDITOR:

Ernst & Young LLP
25 Churchill Place
Canary Warf
E14 5EY

BENCHMARK CAPITAL LIMITED
GROUP STRATEGIC REPORT
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

The directors present their strategic report of Benchmark Capital Limited ('the Company') and its subsidiaries (together "the Group") for the 17 month period ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was to act as a holding company for the Group's operating subsidiaries. The Group operates a network for both independent and restricted financial advisers; providing an IT platform and support function through which more than 100 financial advisers can conduct their business activities. These networks operated under the Best Practice and Evolution Wealth brand names. The Group also operates its own independent financial advisor and wealth management business (Aspect 8) with assets under advice of £1,375m.

The Group's objective is to develop and maintain a market leading platform that offers a differentiated user interface and experience to clients and that differentiates it from competitor's offerings. The Group's platform seeks to provide an integrated front to back solution for financial advisers and incorporates a trading platform for financial advisers (under the Fusion Wealth brand) through which advisers can conduct their discretionary fund management business on behalf of their investors.

BUSINESS REVIEW

The directors continue to believe that the key factors in the financial advice market that will drive the Group's future growth potential are the Group's ability to deliver a differentiated experience in terms of both integrated technological solutions and professional client service. Throughout the period, the Group has continued to invest in its market leading technology and has had significant success in on-boarding new clients.

It has become clear that the Group's ability to offer an integrated front-to-back client solution rather than just discrete products operating in isolation is one of the Group's key strengths. Overall the directors consider that the Group is in a strong position both financially and structurally.

Going forward, the board has strengthened its belief that technology will play a much greater role in client servicing and the trend for automation of processes will continue. The technology suite created and developed by the Group is aligned with this trend and supports the Company's strategic objectives.

The Financial Conduct Authority's ('FCA') stance on governance, systems, controls and sound consumer outcomes is well aligned to the support to clients provided by the Group and the Group's proposition has become highly regarded by the UK's financial advice firms. Demonstrating compliance with regulatory requirements is seen as a solid foundation enabling the Group to grow its client base.

KEY PERFORMANCE INDICATORS

The Group measures its performance against the following KPIs:

	2017 £	2016 (Restated) £	Change %	12 month like for like change %
Turnover	76,309,292	40,105,356	+90%	+64%
EBITDA	10,320,837	4,915,102	+116%	+82%
Cash at bank	4,520,166	5,921,722	(23%)	(16%)
Shareholders' funds	6,588,973	5,823,949	+14%	+10%

The main indicators relevant for monitoring the trading performance of the Group are considered to be the turnover, EBITDA, cash held and shareholders' funds. The Group's turnover has increased during the period due to the continued expansion of the Group's client base. The Group has been successful in attracting new advisers and clients to each of the Best Practice, Evolution Wealth and Aspect8 services with the Group's aggregate assets under administration growing to £15,427m (2016: £12,934m).

The increase in the Group's administrative expenses during the period has predominantly been driven by an increase in employee remuneration costs (due to an increase in headcount as the Group continues to expand its operations) and IT development costs (as a result of the Group's continued investment in the development of its network and platform). Despite this increased cost base, the Group's EBITDA has increased to £10,320,837, representing a 10% increase relative to prior year on a like for like basis.

BENCHMARK CAPITAL LIMITED
GROUP STRATEGIC REPORT
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

Despite a relatively small net cash outflow during the period, the Group continues to maintain a level of liquid capital that the directors consider to be adequate to manage working capital requirements. The Group has generated significant positive cash flows from its core operating activities with the net outflow attributable to the predominantly discretionary spend associated with the continued investment in the Group's IT infrastructure and the payment of a dividend to shareholders.

The Group has maintained a stable shareholders' funds position. Throughout the period the Group has successfully maintained financial resources at a level that is at least 200% in excess of the minimum capital requirements imposed by the FCA. Management are confident that the Group will continue to meet its financial resource requirements for the forthcoming period.

PRINCIPAL RISKS AND UNCERTAINTIES

The board of directors have determined that the Group's three main areas of risk are regulatory risk, the risk arising from competition and financial & economic risk.

REGULATORY COMPLIANCE RISK

As a network provider, the Group is responsible for implementing a controls framework that enables the Group's Appointed Representatives ('ARs') to demonstrate their compliance with various regulatory requirements. In this capacity, the Group bears the regulatory risk associated with any of these ARs failing to demonstrate adequate processes and controls that adhere to the standards imposed by the regulator (the FCA).

The Group's failure to meet the FCA's requirements on behalf of the Group's ARs gives rise to a number of risks which may progress to fines from the regulator or redress payments to clients. The Directors also recognise that the reputational damage associated with the Group failing to manage adequately regulatory requirements on behalf of their clients could lead to the Group being unable to meet its growth objectives or a loss of existing clients, which would impact future revenue growth and profitability.

The board recognises and mitigates these risks through a rigorous compliance controls framework that includes the arrangement of internal and external training of staff and ARs, undertaking regular auditing of its ARs, engaging with two external compliance auditors to review the adequacy of the Group's compliance procedures, and using a bespoke CRM system for file reviews.

COMPETITION RISK

The Group has a number of competitors that offer rival solutions to Independent and Restricted Financial Advisers. The competition in the market has placed some downward pressure on fees within the sector which could have a consequent impact on the Group's future profitability.

The directors are of the opinion that the Group's platform and client service solution is differentiated from the competition due to it being internally developed and fully integrated resulting in both a lower cost to the Group and a seamless level of client service.

The Group continues to invest in improvements to its technology and the breadth of its client solutions in order to continue to develop its client service offering. As a result, the Directors consider that the Group is well positioned to mitigate this risk and the associated pressure on fees.

FINANCIAL & ECONOMIC RISK

The majority of the Group's revenues are calculated as a percentage of the value of the assets that members of the Group's network manage on behalf of underlying investors. The value of these assets, and therefore the Group's revenue entitlements, are exposed to a wide range of macro-economic and market risks that are largely beyond the Group's control. These risks are primarily derived from the performance of the stock market, changing legislation in respect of taxation and broader economic and political factors that influence private wealth and investor sentiment and capacity (such as changes to interest rates, employment rates and the impact of Brexit negotiations).

The Group mitigates this risk through regular management analysis of the relevant markets, reviewing the financial services landscape, periodic forecasting and the diversification of its client base and product offering as well as holding sufficient capital resources in excess of those required by the FCA.

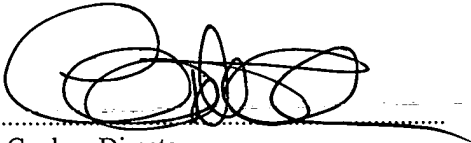
FUTURE DEVELOPMENTS

Once a year the directors prepare a strategic review of the Group, including the operational and strategic issues faced by the Group, and the ongoing regulatory requirements set by the FCA.

**BENCHMARK CAPITAL LIMITED
GROUP STRATEGIC REPORT
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017**

The board has identified a number of opportunities to take our in-house technologies overseas where an integrated suite of technology would work better than the adoption of many systems. Our success in the UK market provides a benchmark has to follow in other countries.

SIGNED ON BEHALF OF THE BOARD BY:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a dotted line.

I R Cooke - Director

Date: 14/08/19

BENCHMARK CAPITAL LIMITED
REPORT OF THE DIRECTORS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

The directors present their report along with the financial statements of Benchmark Capital Limited and its subsidiaries for the 17 month period ended 31 December 2017.

DIVIDENDS

Interim ordinary dividends were paid by the Company during the period that amounted to £6,679,192 (2016: £Nil). The directors do not recommend a final dividend.

DIRECTORS

The directors of the Company that are shown below have held office during the whole of the period from 1 August 2016 to the date of this report:

I R Cooke

The directors shown below were appointed during the reporting period and have held office during the period from 15th December 2016 to the date of this report.

K S Hare
J J Lasenby
P Harrison
A J S Ross
R E Stoakley

POLITICAL DONATIONS AND EXPENDITURE

The Group made no political donations in the period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or the Company will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

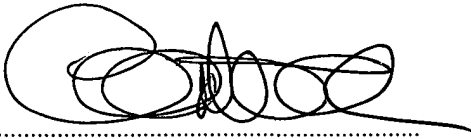
During the period Carlton Haines Limited resigned as auditor and Ernst and Young LLP was appointed. The auditor, Ernst and Young LLP, has expressed willingness to continue in office and it is expected that they will be re-appointed by the board.

BENCHMARK CAPITAL LIMITED
REPORT OF THE DIRECTORS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, financial position and financial performance as well as details of its exposures to risk are described in the Strategic Report. The Group is profitable and has sufficient financial resources to meet its expected liabilities. It also has a stable and diversified client base and a differentiated solution that provides the directors with assurance that the Group will continue to be profitable for the foreseeable future. The Company has net liabilities at 31 December 2017 and is dependent on discretionary dividend payments from its subsidiaries in order to generate a profit. However, the directors note that the net liability position is driven by debt due to the Company's shareholders. The directors have confirmed that the Company continues to retain the financial backing of its shareholders (Family Capital Limited and Schroders Administration Limited) and that the shareholders will not demand repayment of this debt unless the Company has sufficient financial resources to settle the obligation. As a consequence, the directors believe that the Group and the Company are well placed to manage their business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

SIGNED ON BEHALF OF THE BOARD BY:



.....
I R Cooke - Director

Date: 14/08/18.....

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
BENCHMARK CAPITAL LIMITED
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017**

Opinion

We have audited the financial statements of Benchmark Capital Limited ('the Company') and its subsidiaries (together the 'Group') for the 17 month period ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the Group's and of the Company's affairs as at 31 December 2017 and of the Group's profit for the 17 month period then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. We are independent of the Group and the Company in accordance with the ethical requirements in the UK that are relevant to our audit of the financial statements, 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ▶ the information given in the strategic report and the directors' report for the financial 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
BENCHMARK CAPITAL LIMITED
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017**

Matters on which we are required to report by exception

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

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

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the Company's 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 set out on page 5, 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 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 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Neil Parker (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 16th August 2018

BENCHMARK CAPITAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

		17 months to 31 December 2017	12 months to 31 July 2016 (Restated)
	Notes	£	£
TURNOVER	4	76,309,292	40,100,002
Cost of sales	4	53,434,977	28,820,787
GROSS PROFIT		22,874,315	11,279,215
Administrative expenses	5	14,557,188	6,515,271
Gain from investments held at fair value through profit or loss	13	16,900	5,354
OPERATING PROFIT	6	8,334,027	4,769,298
Government grant receivable – R&D relief		14,551	-
Interest expense	7	56,998	1,385
Income from interests in associates		80,663	-
PROFIT BEFORE TAXATION		8,372,243	4,767,913
Tax on profit	8	1,493,153	874,002
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,879,090	3,893,911

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

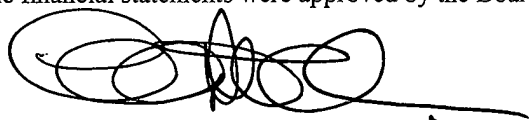
No other comprehensive income was recognised in the 17 month period ended 31 December 2017 or in the year ended 31 July 2016; therefore, the profit for the period is also the total comprehensive income.

The notes on pages 15 to 32 form an integral part of the financial statements.

BENCHMARK CAPITAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		As at 31 December 2017		As at 31 July 2016 (Restated)	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	11		7,653,482		2,596,293
Tangible assets	12		314,446		145,715
Investments at fair value through profit or loss	13		104,522		87,622
Investments in associates	15		378,592		-
			<u>8,451,042</u>		<u>2,829,630</u>
CURRENT ASSETS					
Debtors	16	8,180,221		4,677,566	
Cash at bank and in hand		4,520,166		5,921,722	
Deferred tax asset	8	<u>3,840</u>		<u>-</u>	
		<u>12,704,227</u>		<u>10,599,288</u>	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	17	<u>9,415,768</u>		<u>7,325,304</u>	
NET CURRENT ASSETS			<u>3,288,459</u>		<u>3,273,984</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>11,739,501</u>		<u>6,103,614</u>
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	18		(5,128,835)		(250,000)
Provision for liabilities	20		(21,693)		(26,474)
Deferred tax liability	8		<u>-</u>		<u>(3,191)</u>
NET ASSETS			<u>6,588,973</u>		<u>5,823,949</u>
CAPITAL AND RESERVES					
Called up share capital	21		28,068		28,002
Share premium	21		273,017		-
Retained earnings			<u>6,287,888</u>		<u>5,795,947</u>
SHAREHOLDERS' FUNDS			<u>6,588,973</u>		<u>5,823,949</u>

The financial statements were approved by the Board of Directors on14/08/18..... and were signed on their behalf by:



I R Cooke – Director
Company number: 09404621

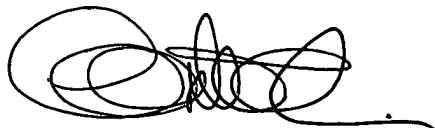
The notes on pages 15 - 32 form an integral part of these financial statements

BENCHMARK CAPITAL LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		As at 31 December 2017		As at 31 July 2016 (Restated)	
	Notes	£	£	£	£
FIXED ASSETS					
Investments in subsidiaries	14		240,428		1,007,001
Investments in associates	15		<u>3,019,508</u>		<u>-</u>
			3,259,936		1,007,001
CURRENT ASSETS					
Debtors	16	3,702,464		85,396	
Cash at bank		<u>13,502</u>		<u>197,789</u>	
			<u>3,715,966</u>		<u>283,185</u>
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	17	<u>2,748,128</u>		<u>1,064,063</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>967,838</u>		<u>(780,878)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,227,364		226,123
NON-CURRENT LIABILITIES					
Creditors: Amounts falling due after more than one year	18		<u>4,003,974</u>		<u>250,000</u>
NET ASSETS/(LIABILITIES)			<u>223,800</u>		<u>(23,877)</u>
CAPITAL AND RESERVES					
Called up share capital	21		28,068		28,002
Share premium	21		273,017		-
Retained earnings			<u>(77,285)</u>		<u>(51,879)</u>
SHAREHOLDERS' FUNDS/(DEFECIT)			<u>223,800</u>		<u>(23,877)</u>

The Company generated a profit for the period of £6,361,742 (year to 31 July 2016: loss of £51,879)

The financial statements were approved by the Board of Directors on 14/08/18..... and were signed on their behalf by:



I R Cooke - Director

The notes on pages 15 - 32 form an integral part of these financial statements

BENCHMARK CAPITAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

	Called up share capital £	Share Premium £	Retained earnings £	Total equity £
Balance at 1 August 2015 (re-stated)	28,002	-	1,902,036	1,930,038
Profit for the year	-	-	3,893,911	3,893,911
Balance at 31 July 2016 (re-stated)	28,002	-	5,795,947	5,823,949
Issue of share capital	66	273,017	-	273,083
Dividends	-	-	(6,679,192)	(6,679,192)
Total comprehensive income for the period	-	-	6,879,090	6,879,090
Employee Management Incentive scheme tax credit	-	-	292,044	292,044
Balance at 31 December 2017	28,068	273,017	6,287,889	6,588,973

The notes on pages 15 - 32 form an integral part of these financial statements

BENCHMARK CAPITAL LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

	Called up share capital £	Share Premium £	Retained earnings £	Total equity £
Balance at 1 August 2015	28,002	-	-	28,002
Loss for the year	-	-	(51,879)	(51,879)
Balance at 31 July 2016	28,002	-	(51,879)	(23,877)
Issue of share capital	66	273,017	-	273,083
Dividends paid to parent companies	-	-	(6,679,192)	(6,679,192)
Profit for the period	-	-	6,361,742	6,361,742
Employee Management Incentive scheme tax credit	-	-	292,044	292,044
Balance at 31 December 2017	28,068	273,017	(77,285)	223,800

The notes on pages 15 to 32 form an integral part of the financial statements.

BENCHMARK CAPITAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	3	8,912,682	5,064,438
Profit on sale of investments		-	19,418
Tax paid		(2,378,177)	(659,774)
Tax credit on Employee Management Incentive plan		292,044	-
Net cash inflow from operating activities		6,826,549	4,424,082
Cash flows from investing activities			
Consideration paid for the acquisition of subsidiary undertakings		(1,191,214)	(1,410,239)
Consideration paid for the acquisition of associate undertakings		(2,938,845)	-
Purchase of intangible fixed assets (R&D)		(1,244,999)	-
Purchase of tangible fixed assets		(325,573)	(87,154)
Purchase of fixed asset investments		-	(314,858)
Cash acquired due to subsidiary undertaking		202,005	-
Purchase of client banks		(192,875)	-
Sale of intangible fixed assets		104,203	-
Sale of fixed asset investments		-	238,830
Interest received		-	2,792
Dividends received		-	20,921
Net cash outflow from investing activities		(5,587,298)	(1,594,708)
Cash flows from financing activities			
Interest paid		(35,648)	(1,385)
Amount re-paid by directors		613,333	-
Loan amounts received from parent undertakings		3,950,000	-
Loan amount repaid to affiliated undertaking		(470,850)	(1,200,918)
Loan amount repaid to parent undertakings		(18,450)	-
Equity dividends paid		(6,679,192)	-
Net cash outflow from financing activities		(2,640,807)	(1,202,303)
(Decrease)/Increase in cash and cash equivalents		(1,401,556)	1,672,071
Cash and cash equivalents at beginning of year	2	5,921,722	4,249,651
Cash and cash equivalents at end of year	2	4,520,166	5,921,722

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

1. STATUTORY INFORMATION

Benchmark Capital Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

2.1 Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of certain assets.

2.2 Basis of consolidation

The Group accounts include the financial statements of the Company and its subsidiary undertakings, as presented in note 15 below, made up to the 17 month period ended 31 December 2017. Intercompany transactions and balances between companies in the Group are eliminated in full in the preparation of the consolidated financial statements. No statement of comprehensive income is presented for the Company as permitted by Section 408 of the Companies Act 2006.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

2.3 Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed in notes 2.7, 2.8, 2.14 and 2.18 below. The directors consider the recognition and presentation of revenue and cost of sales (per note 2.4) and the recognition of intangible assets (see note 2.7) to be the most significant areas of accounting judgement that have been adopted by management in the preparation of the Group's financial statements.

2.4 Turnover and Cost of Sales

Turnover is recognised on an accruals basis net of VAT and rebates and represents the gross fees receivable by the Group's network for the provision of investment advisory and wealth management services to underlying investors. Turnover further includes commission earned in respect of trades placed via the Group's investment platform and amounts earned from financial advisers for providing access to the Company's technology and other ancillary services. All such revenue entitlements are recognised on an accruals basis.

Under the contracts held between the Group and the members of its network a significant proportion of the revenue earned is attributable to the members for the financial advisory services provided to the underlying investors. The amount payable by the Group to the network members is presented as Cost of Sales and is recognised on an accruals basis. The Group is entitled to retain a margin between the revenue earned from underlying investors and the cost of sales payable to members of the network (representing the fee that the Group retains for operating the network), which is represented by the Gross Profit balance in the Statement of Comprehensive Income.

Certain of the new investment policies taken out by underlying investors include provisions that enable the investor to cancel the policy without charge during a fixed indemnity period. In the event that the policy is cancelled any fees receivable by the Group will be repayable to the investor. A provision is made for, what in the Director's opinion is a reliable estimate of the present obligation to repay fees to investors.

2.5 Administrative expenses

The Group's administrative expenses are recognised on an accruals basis.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES – continued

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset, evenly over its expected useful life, as follows:

Fixtures and fittings – 5 years

Computer equipment – 3 to 5 years

Gains or losses arising on the disposal of tangible fixed assets are recognised in the Statement of Comprehensive Income and represent the difference between the disposal proceeds and the brought forward carrying value of the asset prior to disposal.

2.7 Intangible fixed assets

Intangible fixed assets comprise both internally and externally generated assets. The internally generated intangibles represent the value of expenditure incurred by the Group in respect of certain IT software development costs. The externally generated intangible assets have arisen from the acquisition by the Group of third party financial advisers and represent the value that the Group has attributed to the future revenue generating potential arising from the underlying investor portfolios (“Client Banks”) held by these advisers at the point of acquisition.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the cost of the assets less their residual values over their estimated useful lives, as follows:

Software – 10 years

Client banks – 3 to 5 years

Client banks purchased for consideration of less than £25,000 are written off in full in the year of purchase and recognised in the statement of comprehensive income.

2.8 Goodwill

Goodwill arises on the acquisition of shares in a business and represents the excess of the fair value of the consideration transferred over the net fair value of the identifiable assets and liabilities acquired. Goodwill is amortised on a straight line basis over 5 years, being the directors’ best estimate of its useful economic life. At each reporting date, goodwill is assessed to determine whether there is an indication that it may be impaired and if there is such an indication the recoverable amount is compared to the carrying amount with any impairment recognised in the Statement of Comprehensive Income

2.9 Investments

The Group holds investments in certain underlying investment funds that have been designated as investments held at fair value through profit or loss. Investments are initially recognised on the trade date for the underlying transaction (being the date at which the risks and rewards of ownership are transferred to the Group) and at the transaction price for acquiring the asset excluding costs of acquisition. The investments are subsequently measured at fair value with any unrealised gain or loss on revaluation being recognised in the statement of comprehensive income. Investments are de-recognised at the point that the risks and rewards of ownership are transferred to a third party with any gain or loss on disposal being recognised in the statement of comprehensive income. Any such gain or loss represents the difference between the disposal proceeds and the brought forward fair value of the asset at the prior reporting date. Dividend distributions made to the Group from these underlying investment funds are recognised as income by the Group on an accruals basis at the point that the Group’s right to receive the dividend can be established and becomes unconditional.

For the purpose of the Company’s financial statements, investments in subsidiaries and associates are measured at cost less accumulated impairment. Any impairment is recognised in the statement of comprehensive income.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES – continued

2.10 Foreign currency

The financial statements of the Company and the Group are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the Group's financial statements, the results and financial position are presented in Sterling (£).

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.11 Taxation and deferred taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised for accounting purposes in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the reporting date. Deferred tax balances are not discounted.

2.12 Restatement

During the year management agreed to align the revenue recognition approach across the Benchmark Capital group so that all revenue is recognised on an accruals basis. In addition it was considered with reference to VAT notice 701/49 that the financial statements should recognise turnover and cost of sales on a gross basis. Other than turnover and cost of sales, this change in policy has no effect on net profit or any other items in the statement of comprehensive income or any other statement.

The result of these amendments gave rise to the following prior year adjustments.

Impact on the consolidated statement of comprehensive income:

	Year ended 31 July 2016	Presentationals changes	Adjustment	Year ended 31 July 2016 (Restated)
Revenue	-	39,518,376	581,626	40,100,002
Cost of Sales	-	28,369,185	451,602	28,820,787
Corporation tax	847,997	-	26,005	874,002

Impact on the statement of financial position:

	Year ended 31 July 2016	Adjustment	Year ended 31 July 2016 (Restated)
Trade debtors	499,651	3,103,843	3,603,494
Trade creditors	2,293,129	2,614,408	4,907,537
Tax liability	867,933	97,887	965,820
Opening retained earnings	1,614,507	287,529	1,902,036

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES – continued

2.13 Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the statement of comprehensive income on an accruals basis in the period to which they relate.

2.14 Share based payment

The Benchmark Capital group operates a share-based payment scheme. Employees of Benchmark Capital Limited and Benchmark Capital's wholly owned subsidiaries are eligible to participate in the purchase of Benchmark Capital shares. Participants are required to hold office or employment for a minimum of 12 months before the award is made and are required to remain employed during the vesting period of 5 years. The grant value and performance appreciation and depreciation of the plan vests over a period specified in the grant agreement with a cash payment at the maturity of the plan. Where shares are awarded to employees at below fair market value, the difference between the fair market value of the award on the date of grant and the consideration paid by the employee is recognised as an expense over the vesting period of the award, on a straight line basis.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Interest receivable on loan entitlements is recognised on an accruals basis in the statement of comprehensive income using the effective interest method.

Included within trade debtors is an amount in respect of fees due from financial institutions that the management consider a reasonable estimate for services provided by the Group during the year that have not yet been settled.

2.15 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method. Finance costs arising from loan obligations are recognised in the statement of comprehensive income on an accruals basis using the effective interest method.

Included within trade creditors is an amount in respect of fees due to ARs and advisers that relate to the fees due from financial institutions. These amounts are considered by management to be a reasonable estimate for services provided to the Group during the year that have not yet been passed on.

2.17 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. The Group does not currently operate an overdraft, but the Group's policy is to show bank overdrafts within borrowings in current liabilities.

2.18 Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

3. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 (Restated) £
Profit before taxation	8,372,243	4,767,913
Amortisation and depreciation charges	1,322,341	430,284
Loss/(profit) on disposal of fixed assets	9,236	(5,534)
Decrease in provisions	(4,781)	(227,746)
Revaluations of investments	(16,900)	(5,534)
Finance costs	56,998	1,385
Government Grant (R&D)	(14,551)	
Finance income	-	(23,713)
	9,724,586	4,937,055
Increase in trade and other debtors	(4,147,599)	(591,027)
Increase in trade and other creditors	3,335,695	718,410
	8,912,682	5,064,438
Cash generated from operations		

4. TURNOVER

The Company's turnover for the year is attributable to the principal activities of the Group's operating subsidiaries and consists of the following components:

	17 Months to 31 December 2017	12 months to 31 July 2016 (Restated)
Gross fees for advisory services provided by the Group's network	59,875,009	32,006,493
FCA levies recoverable from the members of the Group's network	1,276,188	673,404
License fees and sales of software products and services	1,351,037	753,510
Consultancy fees	244,333	322,675
Platform and associated administration fees	12,093,058	5,670,633
Trade commissions	1,373,995	672,541
Other income	95,672	746
Proportion of the gross fees allocated to members of the Company's network	(49,365,862)	(26,184,069)
Platform custodian administration fees	(4,052,674)	(2,636,718)
Fund management fees	(16,441)	-
	22,874,315	11,279,215

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

5. EMPLOYEES AND DIRECTORS

	2017 £	2016 £
Wages and salaries	6,686,145	3,212,977
Social security costs	672,610	314,876
Pension costs	550,875	218,906
	<u>7,909,612</u>	<u>3,746,759</u>

The average monthly number of employees of the Group during the 17 month period ended 31 December 2017 was as follows:

	2017	2016
Office Administration	81	58
Compliance	26	19
Software Developers	17	11
Financial Advisors	10	9
	<u>142</u>	<u>97</u>

The average number of employees working for the Company during the 17 month period was 8.

	2017 £	2016 £
Directors' remuneration	377,616	243,337
Directors' pension contributions to money purchase schemes	56,351	51,007

There were 4 directors (2017: 4) to whom retirement benefits were accruing as at the statement of financial position date.

Information regarding the highest paid director for the 17 month period ended 31 December 2017 is as follows:

	2017 £	2016 £
Emoluments	119,333	7,000
Pension contributions to money purchase schemes	24,000	36,000

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals for the 17 months period ended 31 December 2017 was £494,778 (12 months to July 2016 - £243,337).

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):	2017 £	2016 £
Depreciation - owned assets	147,606	77,304
Loss/(profit) on disposal of fixed assets	9,236	(5,534)
Goodwill amortisation	708,850	73,942
Computer software amortisation	465,885	279,039
Auditor's remuneration for financial statements audit for subsidiaries	156,667	35,520
Auditor's remuneration for financial statements audit for the Company	11,333	-
Auditor's remuneration for CASS audit	42,000	-
Auditor's remuneration for non-audit work	-	21,438

7. INTEREST EXPENSE

	2017 £	2016 £
HMRC late return interest payable	-	1,385
Loan interest payable	56,998	-
	56,998	1,385

8. TAXATION

Analysis of the tax charge	2017 £	2016 £
The tax charge on the profit for the year was as follows:		
Current tax:		
UK corporation tax	1,496,864	875,713
Prior year adjustment	1,916	-
Total current tax charge	1,498,780	875,713
Deferred tax charge:		
Deferred tax for the current period	(4,550)	(2,747)
Deferred tax – adjustment for prior years	(1,058)	1,021
Deferred tax – rate change	(19)	15
Total Deferred tax charge	(5,627)	(1,711)
Tax on profit for the period	1,493,153	874,002

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

8. TAXATION - Continued

Reconciliation of total tax charge included in statement of comprehensive income

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	Restated 2016 £
Profit before tax	8,372,243	4,767,913
Profit before tax multiplied by corporation tax in the UK of 19.47% (2016 - 20%)	1,630,004	953,583
Effects of:		
Expenses not deductible for tax purposes	298,801	13,374
Income not taxable for tax purposes	(21,600)	(1,407)
Capital allowances in excess of depreciation	(33,906)	(4,378)
Deferred tax – adjustment to prior years	(1,058)	1,021
Deferred tax – rate change	(19)	15
Loss on asset disposal	1,799	-
Prior year adjustment	1,916	-
R&D tax credit @ 11%	19,997	-
R&D tax credit received for prior years	(160,391)	-
Enhanced allowance under R&D relief	(242,390)	(88,205)
Total tax charge	1,493,153	874,002

Factors that may affect future tax charges

The UK Government legislated in the Finance (No.2) Act 2015, which received Royal Assent on 18 November 2015, to reduce the standard rate of UK corporation tax to 19% from 1 April 2017. In addition, the Finance Act 2016, which received Royal Assent on 15 September 2016, will reduce the rate of UK corporation tax to 17% from 1 April 2020. The reduced rates of UK corporation tax will affect future tax payments to be made by the Company.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The Company's profit for the 17 months to 31 December 2017 was £6,361,742 (2016 loss: £51,879)

10. DIVIDENDS

	2017 £	2016 £
Ordinary shares of £1 each Interim	6,679,192	-

11. INTANGIBLE ASSETS

Group

	Goodwill £	Computer software £	Totals £
COST			
At 1 August 2016	990,621	2,527,666	3,518,287
Additions	5,125,862	1,244,999	6,370,861
Disposals	(138,934)	-	(138,934)
At 31 December 2017	5,977,549	3,772,665	9,750,214
AMORTISATION			
At 1 August 2016	189,031	732,964	921,995
Charge for the period	708,850	465,885	1,174,735
Disposals	-	-	-
At 31 December 2017	897,881	1,198,849	2,096,730
NET BOOK VALUE			
At 31 December 2017	5,079,668	2,573,816	7,653,484
At 31 July 2016	801,590	1,794,702	2,596,293

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE 17 MONTH PERIOD ENDED 31 DECEMBER 2017

12. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 August 2016	89,134	525,335	614,469
Additions	103,098	222,475	325,573
Disposals	-	(9,236)	(9,236)
At 31 December 2017	192,232	738,574	930,806
DEPRECIATION			
At 1 August 2016	52,971	415,783	468,754
Charge for the period	43,965	103,641	147,606
At 31 December 2017	96,936	519,424	616,360
NET BOOK VALUE			
At 31 December 2017	95,295	219,150	314,446
At 31 July 2016	36,163	109,552	145,715

The Company does not hold any fixed assets. None of the assets above result from business combinations.

13. INVESTMENTS HELD AT FAIR VALUE

	2017 £	2016 £
Unlisted investments	104,522	87,622

Additional information is as follows:

	Unlisted investments £
VALUATION	
At 31 July 2016	87,622
Additions	-
Disposals	-
Fair value adjustment	16,900
At 31 December 2017	104,522

Unlisted investments are unit trust investments and were valued on an open market basis on 31 December 2017 by Fusion Wealth Limited.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. INVESTMENTS IN SUBSIDIARIES

Company	Shares in group undertakings
	£
COST	
At 1 August 2016	1,007,001
Additions	-
Disposals	(766,573)
At 31 December 2017	<u>240,428</u>
IMPAIRMENT	
At 1 August 2016	-
Charge for the year	-
At 31 December 2017	<u>-</u>
NET BOOK VALUE	
At 31 December 2017	<u>240,428</u>
At 31 July 2016	<u>1,007,001</u>

The company's investments in subsidiaries at the Statement of Financial Position date comprise of the following:

Subsidiaries of Benchmark Capital Limited

Aspect8 Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Chartered Financial Advisors

	%
Class of shares:	holding
Ordinary	100.00

Best Practice IFA group Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Chartered IFA network

	%
Class of shares:	holding
Ordinary	100.00

Creative Technologies Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Software development and consultancy services

	%
Class of shares:	holding
Ordinary	100.00

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. INVESTMENTS IN SUBSIDIARIES (continued)

Evolution Wealth Network Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Chartered financial advisory network for restricted firms

	%
Class of shares:	holding
Ordinary	100.00

Fusion Wealth Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Investment platform

	%
Class of shares:	holding
Ordinary	100.00

Invicta Independent Financial Advisers Limited

Registered office: The Granary Hermitage Court, Hermitage Lane, Maidstone, Kent, ME16 9NT

Nature of business: Chartered Financial Advisors

	%
Class of shares:	holding
Ordinary	100.00

Fusion Funds Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Dormant Company

	%
Class of shares:	holding
Ordinary	100.00

Evolution Investment Management Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Dormant Company

	%
Class of shares:	holding
Ordinary	100.00

Fusion SIPP Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Dormant Company

	%
Class of shares:	holding
Ordinary	100.00

Subsidiaries of Aspect8 Limited

Brian Potter Consultants Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Chartered Financial Advisors

	%
Class of shares:	holding
Ordinary	100.00

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. INVESTMENTS IN SUBSIDIARIES (continued)

Alderbrook Financial Planning Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of business: Chartered Financial Advisors

	%
Class of shares:	holding
Ordinary	100.00

Subsidiaries of Fusion SIPP Limited

PP Trustees Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of Business: Administration of financial markets

	%
Class of shares:	holding
Ordinary	100.00

PP Nominees Limited

Registered office: Sussex House, North Street, Horsham, West Sussex, RH12 1RQ

Nature of Business: Administration of financial markets

	%
Class of shares:	holding
Ordinary	100.00

On 1st September 2017 the Group acquired Brian Potter Consultants Limited for a consideration of £1,724,129. The investment in Brian Potter Consultants Limited has been included in the statement of financial position at its fair value at the date of acquisition.

Analysis of the acquisition of Brian Potter Consultants Limited:

Net Assets at date of acquisition:

	Fair Value
	£
Debtors	-
Cash at bank	185,280
Creditors	(79,260)
Net Assets	<u>106,020</u>
Goodwill arising on acquisition	<u>1,618,109</u>
	<u>1,724,129</u>
Discharged by:	
Cash (deferred over 3 years)	<u>1,724,129</u>

On 4th December 2017 the Group acquired Alderbrook Financial Planning Limited for a consideration of £466,806. The investment in Alderbrook Financial Planning Limited has been included in the statement of financial position at its fair value at the date of acquisition.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. INVESTMENTS IN SUBSIDIARIES (continued)

Analysis of the acquisition of Alderbrook Financial Planning Limited:

Net Assets at date of acquisition:

	Fair Value £
Debtors	-
Cash at bank	16,725
Creditors	(2,917)
Net Assets	<u>13,808</u>
Goodwill arising on acquisition	<u>452,998</u>
	<u>466,806</u>
Discharged by:	
Cash (deferred over 3 years)	<u>466,806</u>

15. INVESTMENTS IN ASSOCIATES

Group	Share of net tangible assets £
COST	
At 1 August 2016	-
Additions	297,929
Share of profits	<u>80,663</u>
At 31 December 2017	<u>378,592</u>

The group's investments in associates at the Statement of Financial Position date include the following:

Associates of Benchmark Capital Limited

Robertson Baxter Limited

Registered office: The Mill, 150 Penistone Road, Shelley, Huddersfield, West Yorkshire, HD8 8JQ

Nature of business: Chartered Financial Advisors

	%
Class of shares:	holding
Ordinary	24.00

Kellands (Bristol) Limited

Registered office: Quays Office Park, Conference Avenue, Portishead, Bristol, BS20 7LZ

Nature of business: Chartered Financial Advisors

	%
Class of shares:	holding
Ordinary	24.35

The total consideration paid for the acquisition of associates was £2,938,846.

16. DEBTORS

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	As at 31 December 2017	As at 31 July 2016 (Restated)	As at 31 December 2017	As at 31 July 2016 (Restated)
Amounts falling due within one year:				
Trade debtors	5,822,248	3,603,494	1,130	-
Clawbacks recoverable	-	36,604	-	-
Other debtors	47,527	46,952	33,083	-
Client bank debtors	34,731	-	-	-
Loans due from appointed representatives	461,764	40,367	-	-
Directors' loan receivable	-	612,899	-	85,396
Tax	-	18,750	352,280	-
VAT reclaimable	-	-	301	-
Prepayments	203,444	260,167	1,415	-
Amounts owed from group undertakings	-	-	3,314,255	-
	<u>6,569,714</u>	<u>4,619,233</u>	<u>3,702,464</u>	<u>85,396</u>
Amounts falling due after more than one year:				
Loans due from appointed representatives	1,610,507	58,333	-	-
Total	<u>8,180,221</u>	<u>4,677,566</u>	<u>3,702,464</u>	<u>85,396</u>

Within amounts owed by group companies are loans due from other entities in the Benchmark Capital group of companies which are payable on demand and bear no interest.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	As at 31 December 2017	As at 31 July 2016 (Restated)	As at 31 December 2017	As at 31 July 2016 (Restated)
Trade creditors	6,852,171	4,907,537	-	-
Amounts owed to group companies	-	-	2,420,039	814,064
Tax payable	23,014	965,820	-	-
Social security and other taxes	174,954	107,438	-	-
Staff costs payable	36,656	-	-	-
VAT payable	28,083	20,143	-	-
Amounts owed to shareholders	-	470,850	-	-
Commission payable	529,038	455,214	-	-
Deferred consideration relating to acquisition of subsidiary undertakings	1,095,822	250,000	250,000	250,000
Interest payable	21,350	-	-	-
Deferred income	88,161	-	-	-
Accrued expenses	566,519	148,296	78,089	-
	<u>9,415,768</u>	<u>7,325,298</u>	<u>2,748,128</u>	<u>1,064,064</u>

Within amounts owed to group companies are loans due to other entities in the Benchmark Capital group of companies which are payable on demand and bear no interest.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	As at 31 December 2017	As at 31 July 2016 (Restated)	As at 31 December 2017	As at 31 July 2016 (Restated)
Amounts owed to parent companies (see note 24)	3,965,974	-	3,965,974	-
Loans due to Appointed Representatives	500,000	-	-	-
Deferred compensation liability	38,000	-	38,000	-
Deferred consideration relating to acquisition of subsidiary undertakings	624,861	250,000	-	250,000
	<u>5,128,835</u>	<u>250,000</u>	<u>4,003,974</u>	<u>250,000</u>

19. FINANCIAL COMMITMENTS

Minimum lease payments under non-cancellable operating leases for land and buildings fall due for payment as follows:

Group

Non-cancellable operating leases

	2017 £	2016 £
Within one year	180,341	21,800
Between one and five years	<u>78,004</u>	<u>187,806</u>
	<u>258,345</u>	<u>209,606</u>

20. PROVISIONS

Group

**Clawback
provision**

£

Balance at 1 August 2016	26,474
Amounts utilised during the period	(26,474)
Additions during the period	<u>21,693</u>
Balance at 31 December 2017	<u>21,693</u>

The clawback provision consists of the Group's estimated liability to repay fees for policies cancelled during their indemnity period.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

21. CALLED UP SHARE CAPITAL AND SHARE PREMIUM

Allotted, issued and
fully paid:

Class:	Number	Nominal value:	Voting rights	Dividend rights	2017 £	2016 £
Share capital:						
Ordinary	28,002	£1	100%	100%	-	28,002
A Ordinary	9,802	£1	51%	35%	9,802	-
B Ordinary	18,203	£1	49%	65%	18,203	-
C Ordinary	6,289,524	£0.00001	0%	0%	63	-
Share premium:						
A Ordinary Premium	3	£1	0%	0%	239,997	-
C Ordinary Premium	6,289,524	£0.00525	0%	0%	33,019	-

During the period the Company allotted 3 additional Ordinary shares prior the alteration of designation of all its 28,005 Ordinary shares to 9,802 A Ordinary shares and 18,203 B Ordinary shares. The rights to the shares were varied to provide A Ordinary shares 51% of the voting entitlement and B Ordinary shares 49% of the voting entitlement. During the period, the Company allotted 6,289,524 C Ordinary shares to facilitate a cash-settled share option plan for employees. The plan provides a purchase price not less than the nominal value of the shares. The vesting period is 5 years, the shares have no voting or dividend rights. On a return of assets on liquidation or otherwise, the C shareholders are entitled to receive a sum equal to the nominal amount of each C Ordinary share, in priority.

22. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and repayments to a director subsisted during the periods ended 31 December 2017 and 31 July 2016:

	2017 £	2016 £
I R Cooke		
Balance outstanding at start of period	537,899	-
Amounts advanced	-	537,899
Amounts repaid	(537,899)	-
Balance outstanding at end of period	-	537,899
J J Lasenby		
Balance outstanding at start of period	75,000	75,000
Amounts repaid	(75,000)	-
Balance outstanding at end of period	-	75,000

All advances to Directors are repayable on demand. An assessment of the effective interest rate determined that the impact to the group's financial statements was immaterial. All existing advances at 31 July 2016 were repaid on 2 December 2016.

BENCHMARK CAPITAL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

23. POST BALANCE SHEET EVENTS

On 7 February 2018, the Group acquired 24% of the issued share capital of Regrowth Holdings Limited for a consideration of £1,230,091. The company and its subsidiaries provide financial advisory and related services.

On 30 April 2018, the Group acquired 100% of the issued share capital of City Capital Analysis (JCB) Limited and Richard Martin Financial Solutions Limited for a combined consideration of £2,302,413. Both companies and their subsidiaries provide financial advisory and related services.

On 12 July 2018, the Group acquired 67.45% of the issued share capital of Redbourne Wealth Management Limited for a consideration of £2,737,262. The company and its subsidiaries provide financial advisory and related services.

24. RELATED PARTY DISCLOSURES

During the period the Company had the following transactions with its subsidiaries:-

Aspect 8 Ltd: Mr I R Cooke received commissions of £176,225 (2016, £127,056) for the 17 month period to 31 December 2017. At the period-end there are amounts included in commissions payable owed to Mr I R Cooke of £21,751 (2016: £3,094).

Best Practice IFA Group Ltd: Operates from premises owned by I R Cooke and paid rent during the 17 month period totalling £184,167. At period-end there are amounts included in creditors owed to Mr I R Cooke of £nil (2016: £537,899).

Ian Cooke & Partners Ltd: I R Cooke is the sole Director and shareholder in Ian Cooke & Partners Ltd, who have repaid loans of £470,850 in the financial year up to 31 December 2017. At period-end there are no amounts outstanding.

Shareholders

Family Capital Limited, of which MR I R Cooke is sole Director, and Schroders Administration PLC, have both made loans to Benchmark Capital Group in the year. Details as follows:

	2017 £	2016 £
Ian Cooke & Partners Ltd	-	470,850
Family Capital Limited	1,981,550	-
Family Capital Limited interest on loan	19,963	-
Schroder Administration Limited	1,950,000	-
Schroder Administration Limited interest on loan	14,461	-
	<u>3,965,974</u>	<u>470,850</u>

25. ULTIMATE CONTROLLING PARTY

At period end, the ultimate controlling party of the Group was Mr I R Cooke by virtue of his shareholding in Benchmark Capital Limited through Family Capital Limited. Schroders Administration Limited, a subsidiary of Schroders Plc, held a 65% equity stake in Benchmark Capital Limited. Control was maintained by I R Cooke by virtue of the rights awarded to the shares held by Family Capital Limited. On 25th May 2018, Schroders Administration Limited increased their equity stake in Benchmark Capital Limited to 77% and by virtue of their shareholding, Schroders Plc became the ultimate controlling party.

Schroders Administration Limited and Family Capital Limited are limited liability companies registered in the United Kingdom whose financial statements are available from Companies House.