

Widecast (Services) Ltd

Annual report and consolidated financial statements

for the year ended 31 December 2018

Registered number: 09706575 (England and Wales)



Widecast (Services) Ltd

Company information

Directors	A A Gomez (Appointed 13 July 2018) I M Olea
Company number	09706575 (England and Wales)
Registered office	24 Berkeley Square London W1J 6EJ
Independent auditors	Deloitte LLP 110 Queen Street Glasgow G1 3BX
Bankers	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP

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Group strategic report

for the year ended 31 December 2018

The directors present the Group (the "Group") strategic report together with their Directors' report and audited consolidated financial statements of Widecast (Services) Ltd, which consist of Widecast (Services) Ltd, (the "Company") and its subsidiary, Widecast Capital LLP, (the "LLP") for the year ended 31 December 2018.

Principal activity

The principal activity of the Company during the year continued to be that of holding of an investment in its subsidiary, Widecast Capital LLP.

The principal activity of the LLP and thus the Group as a whole is to provide investment management services.

On 1 April 2016, the LLP gained regulatory approval from the FCA.

There are no plans to change its investment and as such, its results are dependent on the financial position and performance of its subsidiary.

Going Concern

In assessing going concern, the directors carried out a robust assessment of the main risks affecting the Group, including any that could threaten the business model, future performance and liquidity.

Having assessed the main risks, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements. Their assessment covered a period of 12 months from the date of signing of the financial statements.

Business review and future developments

Profit for the financial year after taxation amounted to £590,779 (2017 – Loss of £901,061). As at 31 December 2018 the Group had total assets of £4,446,955 (2017 - £3,632,295).

As at 31 December 2018, the Group had net assets of £1,904,753 (2017 - £1,313,974).

The directors are satisfied with the results for the year and are confident of continued profitability in the coming years because of the growth of assets under management and the revenue that will follow.

Key performance indicators ("KPI")

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The group operates systems and controls to mitigate any adverse effects across a range of risks it faces.

The principal risks and uncertainties faced by the Group are those inherent within the financial services industry, but primarily include:

- Credit risk – exposed to counterparties not fulfilling their obligations
- Operational risk- incurring losses resulting from inadequate or failed internal and external processes, systems and human error or from external events.
- Regulatory risk – subject to the effects of change in the laws, regulations, policies and interpretations and any accounting standards in the markets in which it operates.

Group strategic report
for the year ended 31 December 2018

Principal risks and uncertainties (continued)


The process of risk acceptance and risk management are addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and on-going review by management. Compliance with regulation, legal and ethical standards is a high priority for the group and the compliance team and finance department take on an important oversight role in this regard.

The finance department is responsible for satisfying themselves that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The Group has developed a framework for identifying the risks that it is exposed to and their impact on regulatory capital.

This process is risk based to manage its capital requirements and to ensure that the group has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of the regulator.

This report was approved by the board on 4 April 2019 and signed on its behalf by:


A. A. Gomez
Director


M. Olea
Director

Directors' report

for the year ended 31 December 2018

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year amounted to £590,779 (2017 – loss of £901,061).

The directors did not recommend any dividends during the year.

Future developments

The directors are satisfied with the results of the Group and company for the year ended 31 December 2018 and are confident of continued profiting in the coming years.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A A Gomez (Appointed 13 July 2018)

I M Olea

RMJ Moore (Resigned 28 June 2018)

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, directors' report and the audited consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standard (IFRSs) as adopted by the European Union. Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period.

In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Directors' report (continued)
for the year ended 31 December 2018

Disclosure of information to auditor

The directors at the time when this Directors' report is approved has confirmed that:

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

Independent Auditors

The auditors, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2016.

This report was approved by the board on 4 April 2019 and signed on its behalf by


C.A.A Gomez
Director


I M Olea
Director

**Independent auditor's report to the members of Widecast (Services) Ltd
for the year ended 31 December 2018**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Widecast (Services) Ltd (the 'parent company') and its subsidiaries ('the group'):

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

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the company balance sheet;
- the consolidated statement of changes in equity;
- the company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters

Independent auditor's report to the members of Widecast (Services) Ltd
for the year ended 31 December 2018

Other information

The directors are responsible for the other information. The other information comprises the information included in the group strategic report and the directors' 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 respect of these matters.

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

Independent auditor's report to the members of Widecast (Services) Ltd
for the year ended 31 December 2018

Report on other legal and regulatory requirements

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 year 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.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Michael Caullay, CA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow

United Kingdom

4 April 2019

Consolidated statement of comprehensive income
for the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue	4	5,023,151	3,149,408
Cost of Sales	2.6	<u>(3,078,867)</u>	<u>(2,322,877)</u>
Gross Profit		1,944,284	826,531
Administrative expenses		<u>(1,294,928)</u>	<u>(1,727,969)</u>
Operating profit/(loss)	3	<u>649,356</u>	<u>(901,438)</u>
Investment revenues		<u>1,044</u>	<u>377</u>
Profit/(loss) on ordinary activities before taxation		650,400	(901,061)
Income tax expense on ordinary activities	6	(59,621)	—
Profit/(loss) for the financial year		<u>590,779</u>	<u>(901,061)</u>
Profit/(loss) for the year attributable to:			
Owners of the parent company		<u>590,779</u>	<u>(901,061)</u>
		<u>590,779</u>	<u>(901,061)</u>
Total comprehensive income for the year attributable to:			
Owners of the parent company		<u>590,779</u>	<u>(901,061)</u>
		<u>590,779</u>	<u>(901,061)</u>

There was no other comprehensive income for 2018 or 2017.

All the group's activities derived from continuing operations during the above financial periods.

The company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

The notes on pages 14 to 26 form an integral part of these financial statements.

Consolidated balance sheet
as at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Property, plant and equipment	8	6,064	16,096
		<u>6,064</u>	<u>16,096</u>
Current assets			
Trade and other receivables	9	3,572,818	2,768,246
Cash and bank balances	10	868,073	847,953
Total current assets		<u>4,440,891</u>	<u>3,616,199</u>
Total assets		<u>4,446,955</u>	<u>3,632,295</u>
Current liabilities			
Other creditors	11	(36,687)	(115,348)
Trade and other payables	11	(2,505,515)	(2,202,973)
Total current liabilities		<u>(2,542,202)</u>	<u>(2,318,321)</u>
Net current assets		<u>1,898,689</u>	<u>1,297,878</u>
Net assets		<u>1,904,753</u>	<u>1,313,974</u>
Equity			
Share capital	12	2,600,001	2,600,001
Profit and loss account	13	(695,248)	(1,286,027)
Total equity attributable to owners of the company		<u>1,904,753</u>	<u>1,313,974</u>

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


A. A. Gomez
Director

Date: 4th April 2019


I. M. Ojeda
Director

Date: 4 / April / 2019

The notes on pages 14 to 28 form an integral part of these financial statements.

Company balance sheet
as at 31 December 2018

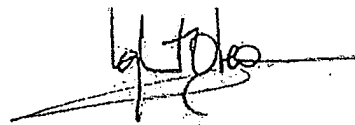
	Notes	2018 £	2017 £
Non-current assets			
Investments in subsidiaries	7	<u>2,600,001</u>	<u>2,600,001</u>
		<u>2,600,001</u>	<u>2,600,001</u>
Current assets			
Amounts due from group undertakings	9	---	83,642
Cash and bank balances	10	<u>469</u>	<u>62</u>
Total current assets		<u>469</u>	<u>83,704</u>
Total assets		<u>2,600,470</u>	<u>2,683,705</u>
Current liabilities			
Trade and other payables	11	(97,771)	(21,900)
Amounts due to group undertakings	11	<u>(38,591)</u>	<u>(100,392)</u>
Total current liabilities		<u>(136,362)</u>	<u>(122,292)</u>
Net current liabilities		<u>(135,893)</u>	<u>(38,588)</u>
Net assets		<u>2,464,108</u>	<u>2,561,413</u>
Equity			
Share capital	12	2,600,001	2,600,001
Profit and loss account	13	<u>(135,893)</u>	<u>(38,588)</u>
Total equity attributable to owners of the company		<u>2,464,108</u>	<u>2,561,413</u>

The group has taken advantage of the exemption under section 408 of the Companies Act not to present a statement of comprehensive income for Widecast (Services) Ltd as a standalone entity. The loss of the company was £97,305 (2017 - £26,006)

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


A. R. Gomez
Director

Date 4th April 2019



I.M. Olea
Director

Date 4/April/2019

Consolidated statement of changes in equity

for the year ended 31 December 2018

	Share capital £	Profit and loss account £
At 1 January 2018	2,600,001	(1,286,027)
Profit for the year	—	590,779
Total comprehensive profit for the year	2,600,001	590,779
Shares issued in the year	—	—
Balance at 31 December 2018	2,600,001	(695,248)

Consolidated statement of changes in equity

for the year ended 31 December 2017

	Share capital £	Profit and loss account £
Balance at 1 January 2017	700,001	(384,966)
Loss for the year	—	(901,061)
Total comprehensive loss for the year	700,001	(901,061)
Shares issued in the year	1,900,000	—
Balance at 31 December 2017	2,600,001	(1,286,027)

Company statement of changes in equity

for the year ended 31 December 2018

	Share capital £	Profit and loss account £
At 1 January 2018	2,600,001	(38,588)
Loss for the year		(97,305)
Total comprehensive loss for the year	2,600,001	(97,305)
Shares issued in the year		
Balance at 31 December 2018	2,600,001	(135,893)

Company statement of changes in equity

for the year ended 31 December 2017

	Share capital £	Profit and loss account £
At 1 January 2017	700,001	(12,582)
Loss for the year	-	(26,006)
Total comprehensive loss for the year	700,001	(26,006)
Shares issued in the year	1,900,000	-
Balance at 31 December 2017	2,600,001	(38,588)

Consolidated statement of cash flows
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Net cash flow generated/(used in) from operating activities	15	24,712	(1,785,298)
Financing activities	15	<u>(1,095)</u>	<u>1,897,546</u>
Net cash (used in)/generated from financing activities		<u>(1,095)</u>	<u>1,897,546</u>
Investing activities			
Net cash used in investing activities	15	<u>(3,497)</u>	<u>(1,733)</u>
Net increase in cash and cash equivalents		20,120	110,517
Cash and cash equivalents at beginning of year		<u>847,953</u>	<u>737,436</u>
Cash and cash equivalents at end of year		<u>868,073</u>	<u>847,953</u>

Cash and cash equivalents consists of cash and bank balances.

The notes on pages 14 to 26 form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2018

1 Company information

Widecast (Services) Ltd is a private limited company incorporated in England and Wales under the Companies Act 2006. The address of the registered office and its principal place of trading is 24 Berkeley Square, London, England, W1J 6EJ.

The principal activity of the company is to hold an investment in its subsidiary, Widecast Capital LLP (the "LLP"). The principal activity of the LLP and thus the group as a whole is to provide investment management services.

On 1 April 2016, the LLP gained regulatory approval from the FCA and started undertaking investment management activities in February 2017.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the group and company have been prepared on the historical cost basis except for the revaluation of certain financial and equity instruments that have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies, see note 2.21 for more information.

The accounting policies have been applied consistently during the year and are set out below.

The financial statements are presented in Pound Sterling (£), which is also the functional currency of the group. Pound Sterling is the currency of the primary economic environment in which the group operates.

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of Widecast (Services) Ltd and its subsidiary Widecast Capital LLP, drawn up to 31 December 2018.

The consolidated financial statements present the results of group and its subsidiary ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The subsidiary is fully consolidated from the date of acquisition being the date on which the group obtains control, and continues to be consolidated until the date that such control ceases.

Non-controlling interests are classified separately from the group's total equity. This comprises of their share of the net income and losses attributable to them and changes in their ownership interest.

2.3 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC Interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

Notes to the financial statements

for the year ended 31 December 2018

2 Significant accounting policies (continued)

2.4 Going concern

In assessing going concern, the directors carried out a robust assessment of the main risks affecting the Group, including any that could threaten the business model, future performance and liquidity.

Having assessed the main risks, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements. Their assessment covered a period of 12 months from the date of signing of the financial statements.

2.5 Revenue

Revenue comprises of the fair value of consideration received or receivable to the Group from its principal activity of providing investment management services in accordance with an advisory agreement which commenced in February 2017. Fees are accrued monthly and are presented net of Value Added Tax.

All revenue arose from activities performed within the United Kingdom.

Revenue is recognised to the extent that it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

2.6 Cost of sales

Cost of sales comprises of the fair value of consideration paid or payable by the Group in connection with its principal activity of providing investment management services. Such costs consist of research, advisory, variable and infrastructure. Cost of sales are accrued monthly.

2.7 Administrative expenses

All expenses have been accounted for on an accruals basis.

2.8 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate. Interest income is recognised when it is probable that the economic benefit will flow to the Group and amounts can be measured reliably.

2.9 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and measured using the exchange rate when fair value was determined.

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

Notes to the financial statements
for the year ended 31 December 2018

2 Significant accounting policies (continued)

Foreign currency translation (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'interest payable or interest receivable'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange at the date of the transaction. Exchange differences are recognised in the Statement of comprehensive income in the period in which they arise.

2.10 Income tax expense and deferred income tax

The income tax payable is based on taxable profit for the year. Taxable profit differed from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company liability for income tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.11 Property, plant and equipment

Tangible fixed assets are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Computer equipment	- 3 years straight line;
Office equipment	- 5 years straight line.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of significant change since the last reporting date.

Notes to the financial statements
for the year ended 31 December 2018

2 Significant accounting policies (continued)

2.11 Property, plant and equipment (continued)

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income

2.12 Impairment of assets

At each balance sheet date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of comprehensive income.

2.13 Investments in subsidiaries

In its individual financial statements, the company recognises its investments at cost less impairments booked. Income is recognised from these investments when the right to receive the distribution is established.

2.14 Trade receivables

Short term receivables are measured at transaction price, less any impairment for bad and doubtful debt.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and all other cash amounts with maturities of three months or less.

2.16 Trade payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are measured at the transaction price.

2.17 Financial liabilities

Financial liabilities are recognised initially at fair value and subsequently measured at amortised cost.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the Statement of comprehensive income.

2.18 Accruals

Accruals comprise of expenses relating to the current period, which will not be invoiced until after the balance sheet date.

Notes to the financial statements
for the year ended 31 December 2018

2 Significant accounting policies (continued)

2.19 Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

2.20 Share capital

Ordinary shares are classified as equity. Any incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on 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 if the revision affects only that period or in the period of revision and future period if the revision affects both current and future periods.

There were no significant estimates or judgments made during the year.

2.22 Adoption of new and revised standards

a) New and amended standard adopted by the company.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognitions of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The group only enters into basic financial instruments and therefore we do not expect the standard to have a material impact on the results.

Notes to the financial statements

for the year ended 31 December 2018

Adoption of new and revised standards (continued)

IFRS15 'Revenue from contracts with customers' (as amended in April 2016). In the current year, the Group has applied IFRS 15, which is effective, or annual periods that begin on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

Its core principle is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Group's accounting policies for its revenue streams are disclosed in Note 4 of these financial statements. Apart from providing more extensive disclosures for the Group revenue transactions, the implementation of IFRS 15 has also resulted in an increase in revenue and cost of sales reported of £158,172 (2017 - £63,715).

b) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2018 and not early adopted:

IFRS 16, 'Leases', specifies how leases will be recognised, measured, presented and disclosed. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The group only has leases with a term of less than 12 months and therefore its results will not be impacted by the new recognised requirements of IFRS 16.

IFRS 17, 'Insurance Contracts', requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of 1 January 2021. We do not expect this to have a material impact on our results.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group and company.

The directors anticipate that the adoption of these Standards/revisions to Standards and Interpretations in future periods will have no material impact on the financial statements of the Group and company.

3 Operating profit/(loss)

	2018	2017
	£	£
This is stated after charging:		
Depreciation	14,573	15,396
Fees payable to the company's auditor for the audit of:		
-the company's annual financial statements	16,800	16,800
Fees payable to the company's auditor and its associates in respect of:		
-the auditing of the financial statements of associates of the Company	15,000	15,000
Foreign exchange differences	<u>13,757</u>	<u>6,791</u>

There were no other audit related or non-audit services provided during the year.

Notes to the financial statements
for the year ended 31 December 2018

4 Revenue

Disaggregation of revenue from contracts with customers

Group	2018	2017
	£	£
Management fees	2,065,048	1,038,481
Performance fees	2,769,198	1,975,577
Advisory fees	40,733	35,572
Other fees	158,172	99,778
	<u>5,023,151</u>	<u>3,149,408</u>

Management fees

As management fees are often based on net assets under management, while performance fees are usually based on profits generated from the underlying investments held by the funds subject to certain thresholds (for example, hurdle rate, high watermark, or internal rate of return), management fees and performance fees re forms of variable consideration.

The Group updates its estimate of the variable considerable each reporting period. Because the management fees are calculated based on net assets under management, any uncertainty related to the variable consideration will be resolved as the end of each reporting period. Therefore, the Group attributes the revenue from the management fees to the services provided during the period, because the fee relates specifically to the entity's efforts to perform its services for the period.

Performance fees:

Return-based performance fees are also considered variable consideration. The Group only recognises revenue if, after an assessment of the facts and circumstances, it is highly probable that the amount of the variable consideration would not result in a significant reversal of cumulative revenue recognised when the uncertainty is resolved. Accordingly, performance fees that have a broad range of possible outcomes and are highly susceptible to marker the volatility will not be recognised until the uncertainty is resolved.

Notes to the financial statements
for the year ended 31 December 2018

5 Staff costs and average number of employees

The staff costs, excluding the members, were as follows:

Group	2018	2017
	£	£
Wages and salaries	330,569	416,817
Social security costs	39,069	54,707
Pension cost	1,404	—
	<u>371,035</u>	<u>471,524</u>

The average monthly number of employees excluding directors during the year were as follows:

	2018	2017
	Number	Number
Management	2	3
Administrative staff	1	—
	<u>3</u>	<u>3</u>

During the year, I M Olea was not remunerated in respect of his services to the company.

Notes to the financial statements
for the year ended 31 December 2018

6 Income tax expense

The tax charge on the profit/(loss) on ordinary activities for the year was as follows:

	2018	2017
	£	£
<i>Current tax</i>		
UK current tax on loss for the year	<u>59,621</u>	---
Income tax expense	<u>59,621</u>	---
	2018	2017
	£	£
Profit/(loss) on ordinary activities before tax	<u>37,684</u>	<u>901,061</u>
Tax on loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	(7,160)	(177,959)
Effects of:		
Expenses not deductible for tax purposes	164,885	---
Adjustment to brought forward values	198	---
Movement in deferred tax	(10,348)	177,959
Utilisation of brought forward losses	(87,954)	---
Income tax charge for the year	<u>59,621</u>	---

Factors that may affect future tax charges

During the accounting period, the UK corporation tax rate remained at 19%. The UK government have introduced legislation to reduce the corporation tax rate to 17% from 1 April 2020.

7 Investments

	Investment in subsidiary
	£
Company	
Cost and net book value	
At 1 January 2018	2,600,001
Additions	---
At 31 December 2018	<u>2,600,001</u>

At 31 December 2018, the company's sole subsidiary was Widecast Capital LLP, a Limited Liability Partnership registered in England and Wales. It is a wholly owned subsidiary and the nature of its business is the provision of investment management services.

Notes to the financial statements
for the year ended 31 December 2018

8 Property, plant and equipment

Group	Computer and office equipment £	Total £
Cost		
At 1 January 2018	46,812	46,812
Additions	4,541	4,541
At 31 December 2018	<u>51,353</u>	<u>51,353</u>
Accumulated Depreciation		
At 1 January 2018	30,716	30,716
Depreciation charge for the year	14,573	14,573
At 31 December 2018	<u>45,289</u>	<u>45,289</u>
Net book value		
At 31 December 2018	<u>6,064</u>	<u>6,064</u>
31 December 2017	<u>16,096</u>	<u>16,096</u>

9 Trade and other receivables

Group	2018 £	2017 £
Prepayments and accrued income	3,232,383	2,668,767
Other receivables	340,435	99,479
Total trade and other receivables	<u>3,572,818</u>	<u>2,768,246</u>
Company	£	£
Amounts receivable from group undertakings	—	83,642
Total trade and other receivables	<u>—</u>	<u>83,642</u>

Included within other receivables is an amount of £18,600 (2017 - £18,600) in respect of a rent deposit which is due after more than one year.

10 Cash and cash equivalents

Group	2018 £	2017 £
Cash and bank balances	<u>868,073</u>	<u>847,953</u>
Company	£	£
Cash and bank balances	<u>469</u>	<u>62</u>

Notes to the financial statements
for the year ended 31 December 2018

11 Trade and other payables

	2018	2017
Group	£	£
Trade payables	92,017	8,678
Accruals and deferral income	2,363,877	1,849,957
Taxation	59,621	—
Other payables	36,687	459,686
Total trade and other payables	2,542,202	2,318,321
	2018	2017
Company	£	£
Accruals and deferral income	22,690	21,900
Amounts due to group undertakings	38,691	100,392
Taxation	59,621	—
Other payable	15,660	—
Total trade and other payables	136,362	122,292

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The directors consider that the carrying amount of trade payables approximates to their fair value.

Amounts due to group undertakings are unsecured and repayable on demand. During the year, interest of £1,621 (2017 - £2,454) was charged on this loan.

12 Share capital

	2018	2017
	£	£
Allotted, called up and full paid		
2,600,001 ordinary shares of £1	2,600,001	2,600,001

13 Profit and loss account

	2018	2017
Group	£	£
At the beginning of year	(1,286,027)	(384,966)
Profit/loss for the year	590,779	(901,061)
At the end of year	(695,248)	(1,286,027)
	2018	2017
Company	£	£
At the beginning of year	(38,688)	(12,582)
Loss for the year	(97,308)	(26,006)
At the end of year	(136,893)	(38,588)

Notes to the financial statements

for the year ended 31 December 2018

14 Parent Company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2008 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £97,305 (2017 - £26,008).

15 Cash flow from operating activities

	2018	2017
	£	£
Profit/(loss) for the financial year	590,778	(901,061)
Adjusted for:		
- finance costs	1,095	2,454
- Investment revenues	(1,044)	(377)
- Depreciation of tangible assets	14,573	15,396
- Increase in trade and other receivables	(804,572)	(2,725,939)
- Increase in trade and other payables	164,260	1,824,231
- Taxation	59,621	—
Net cash generated/(used in) from operating activities	24,712	(1,785,296)
Investing activities		
Purchase of property, plant and equipment	(4,541)	(2,110)
Investment revenues	1,044	377
Net cash used in investing activities	(3,497)	(1,733)
Cash flow from financing activities		
Capital contributed	—	1,900,000
Finance costs	(1,095)	(2,454)
Net cash (used in)/generated from financing activities	(1,095)	1,897,546

An analysis of changes in net debt has not been presented as the Group's cash flows relate to movements in cash and the Group has no items to include in such an analysis other than the cash flows in the consolidated statement of cash flows.

Notes to the financial statements

for the year ended 31 December 2018

16 Related party transactions

During the year the Company settled various administrative expenses totalling £123,494 (2017 - £72,919) on behalf of its subsidiary, Wide cast Capital LLP. As at 31 December 2018 £38,591 (2017 - £83,642 outstanding and due from the LLP) remained outstanding and due to the LLP.

The LLP is considered to be a related party as it is controlled by the company.

During the year, JB Capital Markets, S.V.,S.A.U. settled various administrative expenses totalling £298 (2017 - £60,418) on behalf of Wide cast (Services) Ltd. As at 31 December 2018 £15,560 (2017 - £100,392) remained outstanding and due to JB Capital Markets, S.V.,S.A.U in this respect.

During the year to 31 December 2018 interest of £298 (2017 - £2,454) was accrued on this loan.

JB Capital Markets, S.V.,S.A.U is considered to be a related party by virtue of it being the immediate controlling party of the company.

2018	2017
£	£

Key management personal

The remuneration of directors and other key management during the period

Remuneration	<u>350,437</u>	<u>841,453</u>
	<u>350,437</u>	<u>841,453</u>

17 Commitments under operating leases

At 31 December the group had the following minimum lease payments under non – cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	<u>64,000</u>	<u>74,400</u>
	<u>64,000</u>	<u>74,400</u>

18 Ultimate parent undertaking and controlling party

The ultimate controlling party of the group, of which Wide cast (Services) Ltd is a member of, is Inversiones Zulu, S.L.U, a company incorporated in Spain.

The immediate controlling party of the company is JB Capital Markets, S.V.,S.A.U.

The smallest and the largest group to consolidate these financial statements is Inversiones Zulu, S.L.U.

The consolidated financial statements of Inversiones Zulu, S.L.U. will be available from Plaza Manuel Gomez Moreno, 2, 28020 Madrid.