

02570943



## **REMUS MANAGEMENT LIMITED**

Annual Report for the year ended  
30 December 2018

# REMUS MANAGEMENT LIMITED

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## ANNUAL REPORT

for the year ended 30 December 2018

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# REMUS MANAGEMENT LIMITED

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## COMPANY INFORMATION

### DIRECTORS

S. Church  
J. Nagle  
G. O'Neill  
G. Robson

### SECRETARIES

J. Button  
Fexco International Limited

### REGISTERED OFFICE

15 Galena Road  
Hammersmith  
London  
W6 0LT

### REGISTRATION NUMBER

02570943

### SOLICITORS

Jones Day  
21 Tudor Street  
London  
EC4Y 0DJ

### BANKERS

NatWest  
48 Blue Boar Row  
Salisbury  
SP1 2DF

### AUDITOR

KPMG  
Chartered Accountants and  
Statutory Audit Firm  
1 Stokes Place  
Dublin 2  
Ireland

# REMUS MANAGEMENT LIMITED

## STRATEGIC REPORT

for the year ended 30 December 2018

The Directors present their Strategic Report for the year ended 30 December 2018.

### PRINCIPAL ACTIVITIES AND REVIEW OF DEVELOPMENT OF THE BUSINESS

The principal activity of the Company is the provision of property management services.

### BUSINESS REVIEW

#### *Performance and strategy*

Revenue for the year has increased on prior year due mainly to improved performance of the existing business and continued growth in the number of residential and commercial units to which the business provided services. The operating costs have increased as a result of reorganisation of the wider group.

The Company continues to review all of its activities and service offerings. The Company continues to actively pursue new opportunities and this ongoing strategy should continue to enhance the income of the Company in the future.

The key financial highlights are as follows:	Year ended	Year ended
	30/12/2018	31/12/2017
	£	£
Revenue	5,828,621	5,293,875
Profit before tax	376,012	670,623

### PRINCIPAL RISKS AND UNCERTAINTIES

#### *Business continuity risk*

The continuous availability of our IT systems, infrastructural services and people are critical to our success. Significant time and resources are being committed to this area to underpin our ability to continue to operate should any disruptions take place.

#### *Economic and political risk*

The ongoing success of the broader UK economy and in particular the home building industry has a significant impact on the business and its growth. Brexit, or other macroeconomic events, may have an impact on these. Such risks are outside of our control. The risks associated with Brexit are mitigated by the fact that substantially all revenue and expenses arise in the UK. Also, the majority of assets and liabilities will primarily settle in local currency.

#### *Regulatory, compliance and legal risk*

The business has seen ongoing increases in regulation and legislation. Appropriate personnel have been appointed to ensure compliance with applicable regulations and legislation.

Approved by the Board of Directors and signed on its behalf:



Geoffrey Robson  
Director

15 April 2019

Registered Number: 02570943

# REMUS MANAGEMENT LIMITED

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## DIRECTORS' REPORT

for the year ended 30 December 2018

The Directors present their Annual Report and financial statements of Remus Management Limited for the year ended 30 December 2018.

## RESULTS AND STATE OF AFFAIRS AT 30 DECEMBER 2018

The Income Statement and Statement of Financial Position for the year ended 30 December 2018 are set out on pages 10 and 11.

## DIVIDENDS

A dividend of £Nil (31/12/2017: £87.50) per share was paid on the ordinary shares. This resulted in a total dividend of £Nil (31/12/2017: £875,000) being declared and paid in the year.

## FUTURE DEVELOPMENTS IN THE BUSINESS

The Directors aim to achieve growth by continuing the plan of growing the number of residential and commercial units to which the business provides services.

## IMPORTANT EVENTS SINCE THE REPORTING DATE

There have been no significant events affecting the Company since the reporting date.

## DIRECTORS

The current Directors and Secretaries of the Company are listed on page 2.

The Directors who served during the year were:

- S. Church
- J. Nagle
- G. O'Neill
- G. Robson

## DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The disclosable interests held by the Directors and Secretaries in the Company or in any other group company at the beginning and end of the year are as follows:

		<i>Ordinary shares of 12.5c each</i>	
		<i>At 30/12/2018</i>	<i>At 31/12/2017</i>
		<i>No. of shares</i>	<i>No. of shares</i>
	<i>Company</i>		
J. Nagle	Group Holdings (Fexco) Unlimited Company	197,956	197,956

# REMUS MANAGEMENT LIMITED

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## DIRECTORS' REPORT (continued) for the year ended 30 December 2018

### GOING CONCERN

The Directors have performed a going concern assessment, comprising a review of the Company's financial position, future operations and forecasts for a period of at least 12 months from the date of approval of the financial statements, which demonstrate that the Company will be in a position to meet its liabilities as they fall due. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

### CORPORATE GOVERNANCE

The Board monitors the effectiveness of the internal financial and operating systems in order to safeguard shareholders' investment and the Company's assets. The Board reviews the financial controls over the Company's business through a series of regular Board meetings.

### DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the auditor, each Director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

The Directors have appointed KPMG, Chartered Accountants and Statutory Audit Firm, as auditor of the Company. In accordance with s.485 of the Companies Act 2006, the appointment of KPMG is treated as being continuous.

Approved by the Board of Directors and signed on its behalf:



Geoffrey Robson  
Director

15 April 2019

Registered Number: 02570943

# REMUS MANAGEMENT LIMITED

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## DIRECTORS' RESPONSIBILITIES STATEMENT

for the year ended 30 December 2018

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report and Strategic Report that complies with the requirements of the Companies Act 2006.

On behalf of the Board



Geoffrey Robson  
Director

15 April 2019

Registered Number: 02570943



KPMG  
Audit  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REMUS MANAGEMENT LIMITED

### Report on the audit of the financial statements

#### **Opinion**

We have audited the financial statements of Remus Management Limited (the "Company") for the year ended 30 December 2018 set out on pages 10 to 42, which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in Note 2. The financial reporting framework that has been applied in their preparation is UK Law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council ("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.

#### **We have nothing to report on going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.





**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REMUS MANAGEMENT LIMITED (*continued*)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

### ***Other information***

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Strategic and Directors' Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the Directors' Report or the Strategic Report;
- in our opinion, the information given in the Directors' Report and the Strategic Report is consistent with the financial statements;
- in our opinion, the Directors' Report and the Strategic Report have been prepared in accordance with the Companies Act 2006.

### ***Matters on which we are required to report by exception***

Under the Companies Act 2006 we are required 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 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 regard to these matters.**



KPMG  
Audit  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REMUS MANAGEMENT LIMITED (*continued*)

### Respective responsibilities and restrictions on use

#### *Responsibilities of directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors' are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors' either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

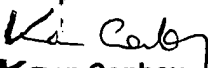
#### *Auditor's responsibilities for the audit of the financial statements*

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 fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

#### *The purpose of our audit work and to whom we owe our responsibilities*

Our 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.

  
**Karen Conboy**  
For and on behalf of  
**KPMG**  
Chartered Accountants, Statutory Audit Firm  
1 Stokes Place  
St. Stephens Green  
Dublin 2

15 April 2019

# REMUS MANAGEMENT LIMITED

## INCOME STATEMENT

for the year ended 30 December 2018

	<i>Note</i>	<i>Year ended 30/12/2018 £</i>	<i>Year ended 31/12/2017 £</i>
Revenue	4	5,828,621	5,293,875
Administrative expenses		(5,620,483)	(4,814,744)
Loss on disposal of assets		(252)	(30,200)
Expected credit loss (provision)/recovery		<u>(828)</u>	<u>2,463</u>
<b>Operating profit</b>	5	207,058	451,394
Finance income		927	-
Income from financial assets	7	<u>168,027</u>	<u>219,229</u>
<b>Profit before tax</b>		376,012	670,623
Income tax expense	8	<u>(71,473)</u>	<u>(116,983)</u>
<b>Profit for the financial year</b>		<u>304,539</u>	<u>553,640</u>

There are no other items of comprehensive income in either year other than the profit attributable to the shareholder of the Company and therefore no separate statement of other comprehensive income has been prepared.

# REMUS MANAGEMENT LIMITED

## STATEMENT OF FINANCIAL POSITION at 30 December 2018

	Note	30/12/2018 £	31/12/2017 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	96,686	62,949
Intangible assets	12	161,928	12,751
Non-current financial assets	10	201,000	201,252
Deferred tax	8	-	79
		<u>459,614</u>	<u>277,031</u>
<b>Current assets</b>			
Trade and other receivables	15	810,580	536,022
Corporation tax		32,542	-
Cash and cash equivalents	18	255,204	144,477
		<u>1,098,326</u>	<u>680,499</u>
<b>TOTAL ASSETS</b>		<u>1,557,940</u>	<u>957,530</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	(1,048,274)	(723,679)
Corporation tax		-	(41,521)
		<u>(1,048,274)</u>	<u>(765,200)</u>
<b>Non-current liabilities</b>			
Deferred tax	8	(12,797)	-
		<u>(12,797)</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>(1,061,071)</u>	<u>(765,200)</u>
<b>NET ASSETS</b>		<u>496,869</u>	<u>192,330</u>
<b>EQUITY</b>			
Share capital	17	10,000	10,000
Retained earnings		<u>486,869</u>	<u>182,330</u>
<b>TOTAL EQUITY</b>		<u>496,869</u>	<u>192,330</u>

On behalf of the Board

Geoffrey Robson  
Director

15 April 2019

Registered Number: 02570943

# REMUS MANAGEMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY

at 30 December 2018

	<i>Note</i>	<i>Share capital £</i>	<i>Retained earnings £</i>	<i>Total equity £</i>
At 1 January 2017		10,000	503,690	513,690
Profit for the financial year		-	553,640	553,640
Dividends paid	9	-	(875,000)	(875,000)
At 31 December 2017		<u>10,000</u>	<u>182,330</u>	<u>192,330</u>
At 31 December 2017		10,000	182,330	192,330
Profit for the financial year		-	304,539	304,539
At 30 December 2018		<u>10,000</u>	<u>486,869</u>	<u>496,869</u>

# REMUS MANAGEMENT LIMITED

## STATEMENT OF CASH FLOWS for the year ended 30 December 2018

	Note	Year ended 30/12/2018 £	Year ended 31/12/2017 £
<b>OPERATING ACTIVITIES</b>			
Profit before tax		376,012	670,623
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	11	26,833	20,890
Amortisation of intangible assets	12	16,453	3,045
Loss on disposal of assets		252	30,200
Income from financial assets		(49,000)	(219,229)
Working capital adjustments:			
Increase in trade and other receivables		(274,558)	(112,788)
Increase in trade and other payables		309,984	134,693
Income tax paid		(118,049)	(233,145)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<u>287,927</u>	<u>294,289</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of intangible assets	12	(165,630)	(10,476)
Income from financial assets		49,000	219,229
Purchase of property, plant and equipment	11	(60,570)	(52,564)
Proceeds from disposal of financial assets		-	10,000
<b>NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>		<u>(177,200)</u>	<u>166,189</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid	9	-	(875,000)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<u>-</u>	<u>(875,000)</u>
Net increase/(decrease) in cash and cash equivalents	18	110,727	(414,522)
Cash and cash equivalents at beginning of year	18	<u>144,477</u>	<u>558,999</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	18	<u>255,204</u>	<u>144,477</u>

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 1. CORPORATE INFORMATION

The financial statements of Remus Management Limited (the "Company") for the year ended 30 December 2018 were authorised for issue in accordance with a resolution of the Directors on 15 April 2019. Remus Management Limited is incorporated and domiciled in the United Kingdom. The registered office is located at 15 Galena Road, Hammersmith, London, W6 0LT.

The results of the Company are included in the consolidated financial statements of Fexco Holdings Unlimited Company. The principal activity of the Company is the provision of property management services. Information on the Company's ultimate parent company is disclosed in Note 24. Information on other related party relationships of the Company is presented in Note 22.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standards and its interpretations as adopted by the European Union ("IFRSs") and the Companies Act 2006. The Company's financial statements are presented in British Pound.

The Company adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers with effect from 1 January 2018. Note 26 provides details of the assessment completed by the Company on adoption of these new standards and the principal adjustments made.

The financial statements of the Company have been prepared on a going concern basis. The Directors have performed a going concern assessment, comprising a review of the Company's financial position, future operations and forecasts for a period of at least 12 months from the date of approval of the financial statements, which demonstrate that the Company will be in a position to meet its liabilities as they fall due. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

#### 2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

##### 2.2.1 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **2.2 Summary of significant accounting policies (continued)**

##### **2.2.1 Current versus non-current classification (continued)**

All other assets are classified as non-current assets.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

##### **2.2.2 Revenue recognition**

###### **Policy following IFRS 15 adoption**

Revenue comprises fees earned from the provision of property management and related services. Revenue for ongoing service contracts is recognised on the performance of service obligations over the period in which the service is provided based on time lapsed. Miscellaneous revenue is recognised on performance of the underlying service obligation which is typically a point in time service delivery. Revenue is measured at the fair value of the consideration to which the Company expects to be entitled in exchange for these services, taking into account contractually defined terms of payment and excluding taxes or duty. The Company considers whether there are other promises in its contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated. In considering the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring goods or performing the service obligation. The variable consideration is estimated at contract inception and constrained until it becomes highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

###### **Policy prior to IFRS 15 adoption**

Income is recognised on the provision of services to the extent that it is probable that the economic benefits will flow to the Company and the income can be reliably measured, regardless of when the payment is received. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.3 Foreign currencies

The Company's financial statements are presented in British Pound, which is also the Company's functional currency.

##### **Transactions and balances**

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Statement of Financial Position date. All differences are taken to the Income Statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

##### 2.2.4 Taxes

##### **Current income tax**

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

##### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be offset. The carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.4 Taxes (continued)

###### Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside the Income Statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement year or recognised in the Income Statement.

###### Sales tax

Income, expenses and assets are recognised net of the amount of sales tax, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Income Statement when it is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Software 25% straight line

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

##### 2.2.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Income Statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Fixtures & fittings 15% straight line
- Computer equipment 25% straight line

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **2.2 Summary of significant accounting policies (continued)**

##### **2.2.6 Property, plant and equipment (continued)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

##### **2.2.7 Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

###### **Company as a lessee**

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Income Statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Income Statement on a straight-line basis over the lease term.

##### **2.2.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.9 Financial instruments

###### **Policy following IFRS 9 adoption**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

###### *i) Financial assets*

###### *Initial recognition, measurement and classification*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI")" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e. the date that the Company commits to purchase or sell the asset.

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in to 4 categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

###### *Financial assets at amortised cost (debt instruments)*

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

## NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.9 Financial instruments (continued)

###### **Policy following IFRS 9 adoption (continued)**

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

###### *Financial assets at fair value through OCI (debt instruments)*

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Income Statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

###### *Financial assets at fair value through OCI (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Income Statement when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

###### *Subsequent measurement*

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified as amortised cost or at fair value through OCI, as described above, debt instruments may be designated as fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Income Statement.

This category includes derivative instruments and liquid equity investments which the Company has not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the Income Statement when the right of payment has been established.

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.9 Financial instruments (continued)

###### **Policy following IFRS 9 adoption (continued)**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

###### *De-recognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's Statement of Financial Position) when:

- the rights to receive cash flows from the asset has expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

###### *Impairment of financial assets*

The Company recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or credit enhancements that are integral to the contractual terms.

## NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.9 Financial instruments (continued)

###### **Policy following IFRS 9 adoption (continued)**

ECLs are recognised under either a simplified or general approach, dependent on the nature of the related financial asset.

Under the general approach, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

###### *ii) Financial liabilities*

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable costs.

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Income Statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liabilities at fair value through profit or loss.

###### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking in to account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.



# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.9 Financial instruments (continued)

###### **Policy following IFRS 9 adoption (continued)**

###### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

###### *iii) Off-setting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and liabilities simultaneously.

###### **Policy prior to IFRS 9 adoption**

###### *Recognition, initial measurement and de-recognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through the Income Statement which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

###### *Classification and subsequent measurement of financial assets*

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss ("FVTPL")
- held-to-maturity ("HTM") investments
- available-for-sale ("AFS") financial assets.

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the Income Statement are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.9 Financial instruments (continued)

###### **Policy prior to IFRS 9 adoption**

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

###### *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in the Income Statement. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

###### *HTM investments*

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes in the carrying amount of the investment, including impairment losses, are recognised in the Income Statement.

###### *AFS financial assets*

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company does not presently hold any AFS financial assets.

Equity investments are measured at cost less any impairment charges, as their fair value cannot be estimated reliably. Impairment charges are recognised in the Income Statement.

All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in the Income Statement.

When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to the Income Statement. Interest calculated using the effective interest method and dividends are recognised in the Income Statement within finance income.

Reversals of impairment losses for AFS debt securities are recognised in the Income Statement if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in the Income Statement and any subsequent increase in fair value is recognised in other comprehensive income.

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.9 Financial instruments (continued)

###### **Policy prior to IFRS 9 adoption (continued)**

###### *Classification and subsequent measurement of financial liabilities*

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the Income Statement (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in the Income Statement are included within finance costs or income.

##### 2.2.10 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.10 Impairment of non-financial assets (continued)

The following criteria are also applied in assessing impairment of specific assets:

##### **Software and other intangible assets**

Intangible assets with definite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

##### 2.2.11 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

##### 2.2.12 Cash dividend and non-cash distribution to owners of equity

The Company recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of the United Kingdom, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

##### 2.2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 Summary of significant accounting policies (continued)

##### 2.2.14 Pensions and other post-employment benefits

The cost of the Company's defined contribution schemes is charged to the Income Statement in the accounting year in which it is incurred. Any contributions unpaid at the year-end reporting date are included as a liability. The Company has no further obligation under these schemes once these contributions have been paid.

### 3. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Since Management's judgement involves making estimates concerning the likelihood of future events, the actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. The estimates that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year relate primarily to the valuation and impairment intangible assets.

#### **Expected credit loss provision**

Impairment losses for specific trade receivable and contract asset balances are assessed on an individual basis. Individual impairment losses are determined as the difference between the carrying value and the present value of estimated future cash flows, discounted where appropriate based on the expected timeline to receipt. Impairment losses are assessed based on the probable level of lifetime losses within the trade receivable or contract asset balances.

Estimating the amount and timing of future recoveries involves significant judgment, and considers the level of arrears as well as the assessment of matters such as historical experience and future economic conditions. Actual losses identified could differ significantly from the impairment provisions reported as a result of uncertainties arising from the economic environment.

In line with this assessment, a full provision is made against all trade receivable and contract asset balances over 2 years old which have not been settled within 90 days of year-end. As at 30 December 2018 the total of these provisions was £2,028 (31/12/2017: £1,200). The expected credit loss associated with balances less than 2 years old is considered de minimis based on historical experience and normal industry settlement terms.

#### **Impairment of intangible assets**

Determining whether intangible assets are impaired or whether a reversal of an impairment of intangible assets (other than on goodwill) should be recorded requires comparison of the value in use for the relevant cash generating units ("CGUs") to the net assets attributable to those CGUs. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. The tests are dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long term growth rate of the applicable businesses and perpetuity rates. Such estimates and judgements are subject to change as a result of changing economic conditions.

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

4. REVENUE	Year ended 30/12/2018 £	Year ended 31/12/2017 £
Revenue is analysed as follows:		
Property management fees and associated revenue	4,781,819	4,218,706
Administrative income	954,551	962,045
Miscellaneous revenue	92,251	113,124
	<u>5,828,621</u>	<u>5,293,875</u>

Revenue arises from continuing operations all of which is generated in the United Kingdom.

5. OPERATING PROFIT	Year ended 30/12/2018 £	Year ended 31/12/2017 £
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	26,833	20,890
Amortisation of intangible assets	16,453	3,045
Auditor's remuneration	9,816	3,720
Operating lease payments	186,162	179,702
Other administrative expenses	5,381,219	4,607,387
	<u>5,620,483</u>	<u>4,814,744</u>

## 6. STAFF COSTS AND DIRECTORS' REMUNERATION

### (a) Staff costs

The average monthly number of persons employed by the Company in the financial year was 115 (31/12/2017: 106) and is analysed into the following categories:

	Year ended 30/12/2018 No.	Year ended 31/12/2017 No.
Property management and associated activities	<u>115</u>	<u>106</u>
The staff costs are comprised of:	£	£
Wages and salaries	3,006,170	2,671,232
Social welfare costs	266,348	239,272
Pension costs	38,210	23,634
	<u>3,310,728</u>	<u>2,934,138</u>

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

### 6. STAFF COSTS AND DIRECTORS' REMUNERATION (continued)

(b) Directors' remuneration	Year ended 30/12/2018 £	Year ended 31/12/2017 £
Aggregate emoluments in respect of qualifying services	93,520	123,600
Aggregate contributions to a retirement benefit scheme in respect of Directors' qualifying services – defined contributions schemes	<u>492</u>	<u>386</u>
Total Directors' remuneration	<u>94,012</u>	<u>123,986</u>

Director's remuneration and contributions to defined contribution schemes for the year relates to payments made to one Director.

### 7. INCOME FROM FINANCIAL ASSETS

	Year ended 30/12/2018 £	Year ended 31/12/2017 £
Dividends receivable/received	<u>168,027</u>	<u>219,229</u>

### 8. TAXATION

(a) Tax charged in the Income Statement	Year ended 30/12/2018 £	Year ended 31/12/2017 £
<b>Analysis of charge in year</b>		
Current tax:		
Corporation tax	41,533	116,472
Group relief	14,611	-
Adjustment to current tax in respect of prior years	<u>2,453</u>	<u>5,608</u>
Total current tax	58,597	122,080
Deferred tax:		
Movements on deferred tax	<u>12,876</u>	<u>(5,097)</u>
Income tax charge for the year	<u>71,473</u>	<u>116,983</u>

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 8. TAXATION (continued)

#### (b) Reconciliation of total tax charge

The tax assessed for corporation tax differs from the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	Year ended 30/12/2018 £	Year ended 31/12/2017 £
Profit on ordinary activities before taxation	376,012	670,623
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (31/12/2017: 19%/20%)	71,442	129,072
<i>Effects of:</i>		
Tax-exempt income – permanent difference	-	(14,435)
Expenses not deductible for tax purposes	1,324	7,419
Other timing differences	(809)	-
Adjustments to current tax in respect of prior years	2,453	5,608
Adjustment to deferred tax in respect of prior years	(2,168)	(9,963)
Adjustments to deferred tax in respect of changes in tax rates	(769)	(718)
	71,473	116,983
<b>(c) Deferred tax</b>	<b>30/12/2018</b>	<b>31/12/2017</b>
	£	£
Deferred tax asset/(liability) at start of year	79	(5,018)
(Charge)/credit to Income Statement	(12,876)	5,097
Deferred tax (liability)/asset at end of year	(12,797)	79
Deferred tax comprises:		
Accelerated capital allowances	(12,797)	79

The Government announced legislation setting the corporation tax rate at 19% for years starting 1 April 2018 and 2019 and at 17% for the year starting 1 April 2020.

As this change in rate was substantially enacted by the Statement of Financial Position date the Company is required to reflect the new rates in the deferred tax balances at 30 December 2018 to the extent that such a change would have a material effect on the balance. The current changes in the rate of corporation tax will have no material effect on the deferred tax balance.



# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

9. DIVIDENDS	Year ended 30/12/2018 £	Year ended 31/12/2017 £
Dividends paid of £Nil (31/12/2017: £87.50) per ordinary share	-	875,000

10. NON CURRENT FINANCIAL ASSETS	Subsidiaries £	Associates and partnership interests £	Total £
At 1 January 2017	201,252	40,200	241,452
Disposals	-	(40,200)	(40,200)
At 31 December 2017	201,252	-	201,252
Disposals	(252)	-	(252)
At 30 December 2018	201,000	-	201,000

The Company is exempt under section 399 of the Companies Act 2006 from preparing consolidated financial statements due to the size of the Group. The Company's interests in its subsidiary and associate entities and partnership interests are listed below:

Investment	Ownership %	Holding	Country of incorporation	Nature of business	Registered Address
Remus Services Limited	100%	Ordinary Shares	UK	Dormant	15 Galena Rd, London W6 0LT
Ellis, Sloane & Co. (2017: Remus Professional Services Limited)	100%	Ordinary Shares	UK	Surveyors	15 Galena Rd, London W6 0LT

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

11. PROPERTY, PLANT AND EQUIPMENT	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
<i>Cost:</i>			
At 1 January 2017	60,527	214,747	275,274
Additions	29,269	23,295	52,564
At 31 December 2017	89,796	238,042	327,838
<i>Accumulated depreciation:</i>			
At 1 January 2017	55,745	188,254	243,999
Charge for year	4,354	16,536	20,890
At 31 December 2017	60,099	204,790	264,889
<i>Cost:</i>			
At 31 December 2017	89,796	238,042	327,838
Additions	15,682	44,888	60,570
At 30 December 2018	105,478	282,930	388,408
<i>Accumulated depreciation:</i>			
At 31 December 2017	60,099	204,790	264,889
Charge for year	6,614	20,219	26,833
At 30 December 2018	66,713	225,009	291,722
<i>Net book values:</i>			
At 31 December 2017	29,697	33,252	62,949
At 30 December 2018	38,765	57,921	96,686

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

### 12. INTANGIBLE ASSETS

	Software £	Total £
<i>Cost:</i>		
At 1 January 2017	5,773	5,773
Additions	<u>10,476</u>	<u>10,476</u>
At 31 December 2017	<u>16,249</u>	<u>16,249</u>
<i>Amortisation:</i>		
At 1 January 2017	453	453
Charge for the year	<u>3,045</u>	<u>3,045</u>
At 31 December 2017	<u>3,498</u>	<u>3,498</u>
<i>Cost:</i>		
At 31 December 2017	16,249	16,249
Additions	<u>165,630</u>	<u>165,630</u>
At 30 December 2018	<u>181,879</u>	<u>181,879</u>
<i>Amortisation:</i>		
At 31 December 2017	3,498	3,498
Charge for the year	<u>16,453</u>	<u>16,453</u>
At 30 December 2018	<u>19,951</u>	<u>19,951</u>
Net book values:		
At 31 December 2017	<u>12,751</u>	<u>12,751</u>
At 30 December 2018	<u>161,928</u>	<u>161,928</u>

### 13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### 13.1 Financial assets

Financial assets at amortised cost:	30/12/2018 £	31/12/2017 £
Trade receivables	136,004	160,261
Contract assets	419,624	212,063
Cash and cash equivalents	255,204	144,477
Amounts due from group undertakings	<u>124</u>	<u>5,445</u>
Total financial assets at amortised cost	<u>810,956</u>	<u>522,246</u>

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### 13.2 Financial liabilities

Financial liabilities at amortised cost:	30/12/2018 £	31/12/2017 £
Trade payables	89,377	150,664
Amounts due to group undertakings	565,757	230,279
Total financial liabilities at amortised cost	655,134	380,943

#### 13.3 Fair values

The fair value of the Company's financial instruments are not materially different from the carrying values at the year-end.

#### 13.4 Financial instruments risk management objectives and policies

The Company's principal financial assets include trade receivables, contract assets, cash and cash equivalents and amounts due from group undertakings. The Company's principal financial liabilities, comprise trade payables and amounts due to group undertakings. The main purpose of these financial liabilities is to finance the Company's operations. The Company is exposed to both credit risk and liquidity risk. Market risk, interest rate risk and foreign exchange risk are not considered to be significant risks for the Company as substantially all financial assets and financial liabilities are denominated in British Pound, are all expected to be settled shortly after the year-end and are non-interest bearing.

The Board of Directors oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company.

The Board of Directors provides assurance to the Company that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

##### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables and contract assets) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Credit risk from balances with banks, financial institutions and other third parties are managed by the Company in accordance with the Company's policy. Cash and cash equivalents, where held with financial institutions, are substantially all held with counterparties with a credit rating in excess of A-3 for short term holdings and BBB- for long term deposits based on Standard & Poor's agency ratings. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the Statement of Financial Position are the carrying amounts as illustrated in Table 13.1 above.

Credit risk from amounts due from related parties is considered to be low. No expected credit losses have been recognised at 30 December 2018 and 31 December 2017 as there is no history of incurring losses on inter-company balances within the Group where the borrowing entity is in a net asset position. As such any expected credit loss is de minimis.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### 13.4 Financial instruments risk management objectives and policies (continued)

##### Credit risk (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on trade receivable and contract asset balances. The majority of trade receivable and contract asset balances due to the Company are settled shortly after year end with no history of bad debts arising. The expected credit losses on trade receivable and contract asset balances are assessed based on period overdue. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In line with this assessment, a full provision is made against all trade receivable and contract asset balances over 2 years old which have not been settled within 90 days of year-end. As at 30 December 2018 the total of these provisions was £2,028 (31/12/2017: £1,200). The expected credit loss associated with balances less than 2 years old is considered de minimis based on historical experience and normal industry settlement terms.

##### Liquidity risk

The Company monitors its risk of a shortage of funds through monthly review of the balance sheet position and expected outlays for the coming month. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of funds from parent and group undertakings. The Company's main source of funding is intercompany loans. These are primarily used to fund short term working capital requirements. While the funding is repayable on demand, there is no expectation that this will be called in the near future. Refer to Note 13.2 above for carrying amounts of this funding. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summaries the maturity profile of the Company's financial liabilities and other payables based on contractual undiscounted payments:

	<i>Total</i>	<i>On demand</i>	<i>Less than</i>	<i>3 to 12</i>	<i>1 to 5</i>	<i>&gt; 5</i>
	<i>£</i>	<i>£</i>	<i>3 months</i>	<i>months</i>	<i>years</i>	<i>years</i>
			<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
2018	1,048,274	565,757	482,517	-	-	-
2017	723,679	723,679	-	-	-	-

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 14. CAPITAL MANAGEMENT

The financial risk and capital management of the Company is handled by the Board of Directors as part of the operations of the Company, and these objectives, processes and policies are described in the financial statements of the ultimate holding company. The capital balances held by the Company are disclosed in the Statement of Financial Position on page 11.

### 15. TRADE AND OTHER RECEIVABLES

	30/12/2018	31/12/2017
	£	£
Trade receivables (a)	136,004	160,261
Amounts due from group undertakings (b)	124	5,445
Other receivables (a)	26,008	27,892
Prepayments and contract assets (c)	650,472	343,624
	<u>812,608</u>	<u>537,222</u>
Expected credit losses	<u>(2,028)</u>	<u>(1,200)</u>
	<u>810,580</u>	<u>536,022</u>

(a) Trade receivables and other receivables are non-interest bearing and repayable on normal trade credit terms.

(b) Amounts due from group undertakings are non-interest bearing and repayable on demand.

(c) Contract assets are expected to be settled within 12 months of year-end.

As at the year end, the ageing analysis of trade receivables and contract assets from customers is as follows:

	Total	Neither past due nor impaired	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Impaired
	£	£	£	£	£	£	£	£
2018	555,628	429,914	78,214	18,839	14,063	2,406	10,164	2,028
2017	372,324	335,298	13,946	4,061	2,447	665	14,707	1,200

Refer to Note 13 on credit risk which explains how the Company manages and measures credit quality of receivables that are neither past due nor impaired.

### 16. TRADE AND OTHER PAYABLES

	30/12/2018	31/12/2017
	£	£
Trade payables (a)	89,377	150,664
Amounts due to group undertakings (b)	565,757	230,279
Accruals	178,805	153,034
Other taxes and social security costs	214,335	189,702
	<u>1,048,274</u>	<u>723,679</u>

(a) Trade payables are non-interest bearing and repayable on normal trade credit terms.

(b) Amounts due to group undertakings are non-interest bearing and repayable on demand.

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

17.	<b>SHARE CAPITAL</b>	30/12/2018 £	31/12/2017 £
	Authorised:		
	10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
	Allotted, called up and fully paid:		
	10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

18.	<b>ADDITIONAL CASH FLOW INFORMATION</b>	Opening £	Cash flow £	Closing £
	Cash and cash equivalents at 30 December 2018	<u>144,477</u>	<u>110,727</u>	<u>255,204</u>
	Cash and cash equivalents at 31 December 2017	558,999	(414,522)	144,477

The Company has no bank loans or other debt at 30 December 2018 (2017: £Nil). The only movement on shareholder funds was the transfer of profits after tax to retained earnings of £304,539 (2017: £553,640) and with no dividend payment in 2018 (2017: dividend of £875,000).

## 19. OBLIGATION UNDER OPERATING LEASES

Future minimum rentals payable under non-cancellable operating leases are as follows:

	30/12/2018 £	31/12/2017 £
Not later than one year	165,546	157,536
After one year but not more than five years	282,977	430,087
After five years	<u>6,875</u>	<u>-</u>
	<u>455,398</u>	<u>587,623</u>

## 20. OFF-BALANCE SHEET ARRANGEMENTS

The Company enters into operating lease arrangements for the hire of assets as it is a cost efficient way of obtaining the short-term benefits of the assets. The commitments under these arrangements are disclosed in Note 19. There are no other material off-balance sheet arrangements.

## 21. PENSION BENEFITS

Pension benefits are funded by way of contributions to defined contribution schemes and are charged to the Income Statement as they arise. The pension cost for the year ended 30 December 2018 was £38,210 (31/12/2017: £23,634). There were no amounts prepaid or accrued with respect to pension benefits at the current or prior year-end.

# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 22. RELATED PARTY TRANSACTIONS

The Directors had no significant transactions with the Company within the meaning of the Companies Act 2006 or IAS 24 "Related Party Transactions" other than as disclosed below.

During the year the Company purchased services of £761,169 (31/12/2017: £434,657) from group undertakings. At the year end the balance due to group undertakings relating to these services was £565,757 (31/12/2017: £230,279).

During the year the Company provided services to group undertakings to the value of £48,845 (31/12/2017: £11,380). At the year end the balance due from group undertakings was £124 (31/12/2017: £5,445).

Church & Co Chartered Accountants, a firm of which Mr S A Church is the principal, received £19,304 (31/12/2017: £54,036) in respect of fees for accounting and financial advice. As at 30 December 2018 the amount due to Church & Co. Chartered Accountants was £Nil (31/12/2017: £6,562).

Ferndale Insurance Services Limited, the Company's regulated Insurance Broker who authorises the Company as its Appointed Representative entered into commission sharing agreements with the Company as a result of which the Company received £135,092 (31/12/2017: £88,208) of revenue. As at 30 December 2018 the amount due from the arrangement was £Nil (31/12/2017: £Nil). Ferndale Insurance Services Limited is controlled by a member of Mr S A Church's family.

Contactreal Limited, a company controlled by Mr S A Church charged the Company £Nil (31/12/2017: £9,681) for fees in relation to property management support. As at 30 December 2018 the amount due from the arrangement was £Nil (31/12/2017: £ Nil).

Remus Group Ltd, a company of which Mr S A Church and Mr G Robson are Directors, received £105,410 (2017: £147,500) in respect of office rental fees during the year. As at 30 December 2018 the amount due to Remus Group Ltd was £1,328 (31/12/2017: £35,250)

#### **Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 December 2018, the Company has not recorded any impairment of receivables relating to amounts due from related parties (31/12/2017: £Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

#### **Transactions with key management personnel**

Transactions with key management personnel, being the Directors of the Company, are disclosed above and in Note 6.

### 23. EVENTS AFTER THE REPORTING DATE

There have been no significant events affecting the Company since the reporting date.



# REMUS MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 24. PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent undertaking is REMUSTOPCO.2 Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent company is Group Holdings (Fexco) Unlimited Company, incorporated in the Republic of Ireland. The registered office of Group Holdings (Fexco) Unlimited Company is Fexco Centre, Iveragh Road, Killorglin, Co. Kerry, Ireland.

The parent undertaking of the largest group of which the Company is a member and for which consolidated financial statements are prepared is Group Holdings (Fexco) Unlimited Company. The parent undertaking of the smallest group of which the Company is a member and for which consolidated financial statements are prepared is Fexco Holdings Unlimited Company.

As at 30 December 2018 there is no ultimate controlling party.

### 25. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### **IFRS 16 Leases**

IFRS 16 was issued in January 2016 and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of "low-value" assets and short-term leases (leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to re-measure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15.

The Company has performed a high-level impact assessment of IFRS 16. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects the impact to be primarily presentational.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 December 2018

### 26. ADOPTION OF IFRS 9 AND IFRS 15

The Company applied IFRS 9 and IFRS 15 for the first time in these financial statements. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 established a 5 step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the cumulative method of adoption from 1 January 2018. There were no adjustments required to opening balances as at 1 January 2018 on adoption of this standard to the previously presented balances or related disclosures. The Company did not apply any of the other available optional practical expedients.

#### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. Note that the Company does not apply hedge accounting.

The Company has applied IFRS 9 prospectively, with the initial application date of 30 December 2016 and adjusting the comparative information for the year ended 31 December 2017. The Company did not apply any of the other available optional practical expedients.

# REMUS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 December 2018

### 26. ADOPTION OF IFRS 9 AND IFRS 15 (continued)

In summary upon adoption of IFRS 9 the Company had the following elected or required reclassifications.

*As at 1 January 2018*

		<i>IFRS 9 measurement category</i>		
		Fair value through profit or loss	Amortised cost	Fair value through OCI
<i>IAS 39 measurement category</i>	£	£	£	£
<b>Loans and receivables</b>				
Trade receivables	160,261	-	160,261	-
Amounts due from group undertakings	5,445	-	5,445	-
	<u>165,706</u>	<u>-</u>	<u>165,706</u>	<u>-</u>
<b>Cash and cash equivalents</b>				
Cash and cash equivalents	144,477	-	295,552	-
	<u>144,477</u>	<u>-</u>	<u>295,552</u>	<u>-</u>
<b>Loans and payables</b>				
Trade payables	150,664		150,664	
Amounts due to group undertakings	230,279	-	230,279	-
	<u>380,943</u>	<u>-</u>	<u>380,943</u>	<u>-</u>