

COMPANY REGISTRATION NUMBER: 04384561

Pacific Investments Limited
Annual Report and Audited Financial Statements
For the Year Ended 30 June 2019



Parent company accounts for
Pacific Wealth Management Limited (11285790),
see note 28.

Pacific Investments Limited
Financial Statements
for the year ended 30 June 2019

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Pacific Investments Limited

Officers and Professional Advisers

The board of directors

JL Beckwith
HJ Beckwith
SP Beckwith
MC Johnson
SD Roberts
DF Rogers

Registered office

124 Sloane Street
London
SW1X 9BW

Auditor

Nexia Smith & Williamson
Chartered Accountant & Statutory Auditor
25 Moorgate
London
EC2R 6AY

Pacific Investments Limited

Chairman's Statement

for the year ended 30 June 2019

I am pleased to present the financial statements for the Pacific Investments Group ("the Group") for the year ended 30 June 2019.

The Group has had an exceptional year achieving a profit before tax of £23m. One of the primary drivers was the successful flotation of Argentex PLC (the FX brokerage firm) which, along with a partial disposal, has allowed us to accurately reflect the valuation of this investment in our financial statements. All of our other businesses had a successful year and have seen significant growth.

The following bullet points highlight the material achievements within the Group during the year.

- **Argentex** had a successful initial public offering on the AIM market on 25 June 2019, raising £14m with an initial market capitalisation of £120m at a price of 106p per share. Pacific's capital interest was exchanged for shares in the newly listed Argentex Group Plc, generating a profit of £23m. Pacific disposed of 40% of its holding on IPO.

Following the IPO, Argentex shares have increased in value by 41% to 150p per share making it the best performing of the large AIM IPOs this year. This values Pacific's remaining shareholding at £21m.



- During the year, Pacific Asset Management ("PAM") successfully launched 6 new funds including a range of diverse products and its own Global Macro strategy. Since 1 July 2018, PAM has grown its total Assets Under Management across all funds to over \$1.1 billion from \$346m and revenue has now grown from £0.7m to £2.3m.

PAM's controlling stake in Chartered Financial Management (UK) Ltd ("CFM"), an IFA with assets under advice of over £225m, generated £0.5m profit in its first year within the Group.

Post year-end, CFM acquired a 50% capital interest in the London-based IFA Zen Wealth LLP ("Zen") which will contribute to PAM's centralised investment proposition in the next financial year.

PAM's current AUM and AUA stand at over \$1.6bn.

Pacific Investments Limited

Chairman's Statement

for the year ended 30 June 2019

- Following the success of its affiliate company, **Zorin Finance**, which has lent nearly £600m to property developers in the UK, the Group established **Puma Capital** to undertake the same strategy in the Spanish market. Following Zorin's business model, Puma has made 3 loans using its own capital before raising third party funds, on which management and performance fees will be charged.
- **Pacific Industrial LLP** manages **Urban Logistics REIT plc** which reported excellent performance for the third consecutive year with a Total Accounting Return of 17.7% in the year to 31 March 2019. Since the company's IPO in April 2016, it has grown AUM from £27m to £195m as at 30 September 2019 and the income and total return strategy adopted has delivered an average Total Accounting Return to shareholders of 15.9% per annum over the three-year period.

Despite a challenging market backdrop, the company's strategy of focusing on the urban logistics sub-sector of the commercial property market continues to bear fruit, further evidenced by its impressive half-year results.

During the year, the Group received dividends of £162k from the REIT.

- Following the success of the REIT's logistics strategy in the UK, the Group launched a new European 'green' Logistics venture called **European Logistics Real Estate Partners (ELREP)** which has signed its first transaction in Schiphol, Amsterdam, with a Gross Development Value of €114m.

ELREP has formed a strategic partnership with the Dutch property developer, **Delta Developments**, and has acquired two further sites, in The Hague and Rotterdam, that are currently held under option and have a combined Gross Development Value of €80m. The relationship will provide access to further opportunities to create long-term value for ELREP.

- **London & Continental Partners LLP ("L&C")**, our global placement business, had a positive year's trading generating £0.3 million in management and performance fees.
- Our **residential developments** in Brighton, High Wycombe and Barcelona have now entered the sales phase and have generated significant interest. At practical completion, the Brighton development has committed sales totalling £10.6m (81% of GDV) and there is only 1 remaining apartment to be sold in Barcelona.
- Pacific has continued to provide active management to the Group's **leisure** companies in Portugal, Spain and France; helping to shape strategy, oversee operations and develop their businesses.

Conclusion

Despite an uncertain UK economy throughout the ongoing Brexit negotiations, the Group has had an excellent year due to our diversified portfolio and continued focus on long-term returns.

We are well positioned for what should be a highly rewarding and exciting 2020. None of this would be possible without the huge commitment, drive and ambition of our team and I would like to thank them for their hard work.



JL Beckwith
Chairman

Pacific Investments Limited

Strategic Report

for the year ended 30 June 2019

Principal activities

The principal activity of the Group is the management and holding of investments. A description of the principal activities of the Group's subsidiaries and associates is set out in Note 17 to the financial statements.

Business review

Both the level of business and the year end financial position were satisfactory. The directors do not envisage any change in the principal activity of the Group during the year ahead and expect that a sufficient level of activity will be sustained for the foreseeable future. Further details of progress are described in the Chairman's Statement.

Key performance indicators

Given the nature of the business, the directors feel that the financial statements give an adequate indication of the continuing performance of the Group.

The directors are of the opinion that any additional information that is not disclosed within the report or the financial statements is either too subjective to be useful to users of the accounts, or too commercially sensitive to be presented in this context.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are the performance of new ventures in relation to their business plans, and the underperformance of investments managed by our investment management businesses.

The Group acts to mitigate risk through the diverse nature of its activities, the experience of the Group's directors and the implementation of controls and safeguards over the Group's assets.

Liquidity and interest risk

The Group holds significant cash and the directors believe that the Group's cash reserves are sufficient for current and future planned operations. Interest rate exposure is not considered a risk given the nature of the Group's interest bearing assets and liabilities. The directors will revisit the appropriateness of this policy should the Group's interest bearing assets and liabilities change significantly in size or nature.

Derivative financial instruments

The Group does not hold any material derivative instruments.

Employment policy

The Group acknowledges the vital role that all employees play in its success through their skills, initiative and commitment. The Group endorses and supports the principle of equal opportunity and always fully considers applications by disabled persons. The policy in respect of staff who become disabled whilst employed is to train and assist them wherever practical to continue within the Group. It is the policy of the Group to consider individuals on their merit and to make employment decisions on a non-discriminatory basis in compliance with its legal obligations.

The Group's policy is to ensure that, as far as is reasonably practical, working environments exist which will minimise risk to the health and safety of employees.

Employee communication

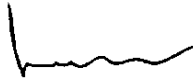
The Group ensures that all employees are kept fully informed, as far as it is practical, with regard to the activities of the Group and of their business unit. Depending on the relative size of a business unit, this may be done through written communication, e-mail, or regular or informal meetings between directors, managers and other employees.

Pacific Investments Limited

Strategic Report *(continued)*

for the year ended 30 June 2019

This report was approved by the board of directors on 10 Dec 2019 and signed on behalf of the board by:



JL Beckwith
Director

Registered office:
124 Sloane Street
London
SW1X 9BW

Pacific Investments Limited

Directors' Report

for the year ended 30 June 2019

The directors present their report and the audited financial statements of Pacific Investments Limited ("the company"), together with its consolidated subsidiaries ("the group") for the year ended 30 June 2019.

Directors

The directors who served the company during the year were as follows:

JL Beckwith
HJ Beckwith
SP Beckwith
MC Johnson
SD Roberts
DF Rogers

Dividends

The directors do not recommend the payment of a dividend (2018: none).

Results for the year

Total comprehensive profit for the year, after taxation, minority interest and foreign currency translation, amounted to £22,614,397 (2018: loss of £2,516,575).

Disclosure of information in the strategic report

The company has prepared a Strategic Report in accordance with section 414A of the Companies Act 2006.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Pacific Investments Limited

Directors' Report *(continued)*

for the year ended 30 June 2019

Auditor

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

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware;
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information; and
- this information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Nexia Smith & Williamson as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board of directors on...10/12/19...and signed on behalf of the board by:



JL Beckwith
Director

Registered office:
124 Sloane Street
London
SW1X 9BW

Pacific Investments Limited

Independent Auditor's Report to the Shareholders of Pacific Investments Limited for the year ended 30 June 2019

Opinion

We have audited the financial statements of Pacific Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Pacific Investments Limited

Independent Auditor's Report to the Shareholders of Pacific Investments Limited

(continued)

for the year ended 30 June 2019

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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 the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Pacific Investments Limited

Independent Auditor's Report to the Shareholders of Pacific Investments Limited *(continued)*

for the year ended 30 June 2019

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Swarbreck
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered accountant
25 Moorgate
London
EC2R 6AY
Date: 12.12.19

Pacific Investments Limited
Consolidated Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 £	2018 £
Turnover	5	10,144,807	6,932,521
Cost of sales		(3,365,261)	(3,935,263)
Gross profit		<u>6,779,546</u>	<u>2,997,258</u>
Administrative expenses		(11,459,237)	(8,776,785)
Other operating income		53,885	85,289
Operating loss	6	<u>(4,625,806)</u>	<u>(5,694,238)</u>
Profit on sale of investments	9	23,253,991	3,463,679
Fair value revaluation of fixed asset investments	10	3,077,120	(1,472,953)
Share of profit of associates	17	2,202,396	1,447,270
Income from other fixed asset investments		515,328	625,248
Other interest receivable and similar income	11	34,524	347,935
Interest payable and similar charges	12	(918,887)	(853,540)
Profit/(loss) on ordinary activities before taxation		<u>23,538,666</u>	<u>(2,136,599)</u>
Tax on profit/(loss) on ordinary activities	13	(84,018)	(60,440)
Profit/(loss) on ordinary activities after taxation		<u>23,454,648</u>	<u>(2,197,039)</u>
Foreign currency retranslation		(35,881)	(30,912)
Total comprehensive income/(loss) for the year		<u><u>23,418,767</u></u>	<u><u>(2,227,951)</u></u>
Total comprehensive (loss)/income for the year attributable to:			
Non-controlling interest		804,370	288,624
Equity shareholders of the company		22,614,397	(2,516,575)
		<u><u>23,418,767</u></u>	<u><u>(2,227,951)</u></u>

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements.

The profit for the financial year of the parent company was £nil (2018: £nil).

The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited
Consolidated Statement of Financial Position

as at 30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	15	4,816,677	5,307,460
Tangible assets	16	8,418,718	8,712,764
Investments	17	31,175,314	17,854,316
		<u>44,410,709</u>	<u>31,874,540</u>
Current assets			
Stocks	18	10,452,758	10,323,412
Debtors	19	7,538,745	3,250,366
Cash at bank and in hand		14,890,346	7,855,526
		<u>32,881,849</u>	<u>21,429,304</u>
Creditors: amounts falling due within one year	20	(7,502,229)	(14,850,634)
Net current assets		<u>25,379,620</u>	<u>6,578,670</u>
Total assets less current liabilities		<u>69,790,329</u>	<u>38,453,210</u>
Creditors: amounts falling due after more than one year	21	(18,025,102)	(9,218,735)
Net assets		<u>51,765,227</u>	<u>29,234,475</u>
Capital and reserves			
Called up share capital	25	6,900,000	6,900,000
Capital redemption reserve	26	6,600,000	6,600,000
Other reserves	26	900,000	900,000
Retained earnings	26	35,913,789	13,299,392
Equity attributable to the owners of the parent company		<u>50,313,789</u>	<u>27,699,392</u>
Non-controlling interest		<u>1,451,438</u>	<u>1,535,083</u>
		<u>51,765,227</u>	<u>29,234,475</u>

These financial statements were approved by the board of directors and authorised for issue on 10 DEC 2019, and are signed on behalf of the board by:



JL Beckwith
Director

Company registration number: 04384561

The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited
Company Statement of Financial Position
as at 30 June 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	17	10,050,000	10,050,000
Current assets			
Debtors	19	11,038,790	11,038,790
Net current assets		11,038,790	11,038,790
Total assets less current liabilities		21,088,790	21,088,790
Capital and reserves			
Called up share capital	25	6,900,000	6,900,000
Capital redemption reserve	26	6,600,000	6,600,000
Retained earnings	26	7,588,790	7,588,790
		21,088,790	21,088,790

These financial statements were approved by the board of directors and authorised for issue...10 DEC 2019..., and are signed on behalf of the board by:



JL Beckwith
Director

Company registration number: 04384561

The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	Called up share capital £	Capital redemption reserve £	Other reserves £	Retained Earnings £	Equity attributable to the owners of the parent company £	Non-controlling interests £	Total £
At 1 July 2017	6,900,000	5,600,000	900,000	15,815,967	30,215,967	(299,288)	29,916,679
Loss for the year	-	-	-	(2,485,663)	(2,485,663)	288,624	(2,197,339)
Other comprehensive income for the year:							
Foreign currency retranslation	-	-	-	(30,912)	(30,912)	-	(30,912)
Total comprehensive income for the year	-	-	-	(2,516,575)	(2,516,575)	288,624	(2,227,951)
Dividends paid and payable	-	-	-	-	-	(622,961)	(622,961)
Minority interest share of equity	-	-	-	-	-	879,076	879,076
Disposal of business	-	-	-	-	-	1,289,632	1,289,632
Total investments by and distributions to owners	-	-	-	-	-	1,545,747	1,545,747
At 30 June 2018	6,900,000	6,600,000	900,000	13,299,392	27,699,392	1,535,083	29,234,475

The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	Called up share capital £	Capital redemption reserve £	Other reserves £	Retained Earnings £	Equity attributable to the owners of the parent company £	Non-controlling interests £	Total £
Profit for the year	-	-	-	22,650,278	22,650,278	804,370	23,454,648
Other comprehensive income for the year:							
Foreign currency retranslation	-	-	-	(35,881)	(35,881)	-	(35,881)
Total comprehensive income for the year	-	-	-	22,614,397	22,614,397	804,370	23,418,767
Dividends paid and payable	-	-	-	-	-	(820,767)	(820,767)
Minority interest share of equity	-	-	-	-	-	(35,856)	(35,856)
Disposal of business	-	-	-	-	-	(31,392)	(31,392)
Total investments by and distributions to owners	-	-	-	-	-	(888,015)	(888,015)
At 30 June 2019	6,900,000	6,600,000	900,000	35,913,789	50,313,789	1,451,438	51,765,227

The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited

Company Statement of Changes in Equity

for the year ended 30 June 2019

	Called up share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 July 2017	6,900,000	6,600,000	7,588,790	21,088,790
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
At 30 June 2018	6,900,000	6,600,000	7,588,790	21,088,790
Profit for the year	-	-	-	-
At 30 June 2019	6,900,000	6,600,000	7,588,790	21,088,790

The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited
Consolidated Statement of Cash Flows
for the year ended 30 June 2019

	2019	2018
	£	£
Cash flows from operating activities		
Profit/(loss) on ordinary activities after tax	23,454,648	(2,197,039)
<i>Adjustments for:</i>		
Depreciation of tangible assets	600,113	580,001
Amortisation of intangible assets	517,355	71,321
Profit on sale of investments	(23,253,991)	(3,463,679)
Fair value revaluation of fixed asset investments	(3,077,120)	2,088,975
Income from other fixed asset investments	(515,328)	(625,248)
Other interest receivable and similar income	(34,524)	(347,935)
Interest payable and similar charges	918,887	853,540
Tax on profit/loss on ordinary activities	84,018	29,909
Share of associates' profit	(2,202,396)	(1,447,270)
Distributions from associates	1,019,085	1,251,144
Exchange differences and other movements	(5,121)	48,985
<i>Changes in:</i>		
Stocks	(129,346)	6,522,141
Trade and other debtors	(4,288,379)	3,107,324
Trade and other creditors	1,457,962	(319,475)
Cash (used in)/generated from operations	(5,454,137)	6,152,694
Interest paid	(528,638)	(786,858)
Interest received	4,006	326,707
Tax paid	(175,176)	(32,790)
Net cash (used in)/generated from operating activities	(6,153,945)	5,659,753
Cash flows from investing activities		
Purchase of tangible assets	(377,339)	(805,236)
Proceeds from sale of subsidiary undertakings	-	2,221,580
Purchase of subsidiary net of cash acquired	-	(1,565,274)
Net cash acquired with subsidiary	-	480,225
Net repayments of loans from associates	499,696	(213,463)
Proceeds from sale of other investments	12,903,648	-
Purchase of other investments	(331,526)	(4,542,422)
Cash disposed with subsidiary	-	53,592
Income from other fixed asset investments	515,328	625,248
Net cash generated from/(used in) investing activities	13,209,807	(3,745,750)

The consolidated statement of cash flows
continues on the following page.
The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited
Consolidated Statement of Cash Flows (*continued*)
for the year ended 30 June 2019

	Note	2019 £	2018 £
Cash flows from financing activities			
Drawdown/(repayment) of bank loans		84,549	(5,308,158)
Capital contribution from members of LLP		696,824	636,912
Dividends paid to minority shareholders		(802,415)	(610,703)
Net cash used in financing activities		<u>(21,042)</u>	<u>(5,281,949)</u>
Net increase/(decrease) in cash and cash equivalents		7,034,820	(3,367,946)
Cash and cash equivalents at beginning of year		7,855,526	11,223,472
Cash and cash equivalents at end of year		<u>14,890,346</u>	<u>7,855,526</u>

The notes on pages 19 to 41 form part of these financial statements.

Pacific Investments Limited

Notes to the Financial Statements

for the year ended 30 June 2019

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. General information

Pacific Investments Limited (04384561) is a private company limited by shares incorporated in England and Wales. The address and registered office is 124 Sloane Street, London, SW1X 9BW. The nature of the company's operations are set out in the Strategic Report on page 4.

3. Accounting policies

Basis of accounting

The principal accounting policies of the Group are set out below.

Going concern

The directors have made an assessment of the company's ability to continue as a going concern and are satisfied that the company has sufficient resources to continue in business for the foreseeable future, a period of not less than twelve months from the date of this report.

As part of the assessment, the company reviewed the cash requirements of the company including supported subsidiaries against the cash generation of subsidiaries and the availability and liquidity of listed and other assets held by the company and supported subsidiaries. Of note, the directors have considered the Group's loan facility, which is due for repayment in October 2022.

The directors are satisfied that the company will have adequate resources to continue in operational existence for the foreseeable future, and so they continue to adopt the going concern basis of accounting in preparing these financial statements.

Disclosure exemptions

The company has taken advantage of the following exemptions available under FRS 102:

- The exemption from preparing a Statement of Cashflows for the company; and
- The exemption from disclosing key management personnel compensation of the company.

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

3. Accounting policies *(continued)*

Basis of consolidation

The Group Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows incorporate the financial statements of all subsidiaries, together with the Group's share of the net assets and results of associated undertakings and joint ventures for the year ended 30 June 2019. Entities are considered to be a subsidiary where the Group controls the majority of the undertaking's voting rights or exercises a dominant influence over the undertaking by virtue of a control contract, unless the ability of the Group to exercise control is subject to long term restrictions or is temporary in nature. Subsidiaries are consolidated from the date of acquisition to the date of disposal using the acquisition method of accounting.

Associated undertakings are companies/LLPs other than subsidiaries where the Group has a substantial shareholding, held for the long term, and is in a position to exercise significant influence. Joint ventures are companies other than subsidiaries where the Group has a substantial shareholding, held for the long term, and which is jointly controlled by the Group and one or more other ventures under a contractual agreement. The Group balance sheet includes the Group's share of the underlying net assets of associated undertakings and joint ventures, plus any loans due to the Group. The Group's share of the underlying net assets of associated undertakings and joint ventures is included in the Group profit and loss account on the equity accounting basis.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Current and deferred taxation

Current and deferred tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is possible that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between fair values of assets acquired and the future tax deductions available for them and the differences between fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using rates and laws that have been enacted or substantively enacted by the balance sheet date.

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

3. Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the financial year end exchange rates. Net assets of overseas subsidiaries and associates are translated into sterling at the year end rate and their profits and losses at average rates of exchange during the year. Foreign exchange differences arising on consolidation are taken to reserves.

Dividends

Dividend distributions payable to equity shareholders are included in current liabilities when the dividends are approved in a general meeting prior to the balance sheet date.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period over the lease.

Revenue generated from operating leases on investment property is recognised on a straight line basis over the term of the lease.

Goodwill

Goodwill arising on consolidation of subsidiaries is amortised over a period of 10 years, which the directors consider to be the most appropriate period. The carrying value of the goodwill is reviewed annually by the board of directors for impairment. The impairment review is based on a review of future prospects for this business activity and marketplace.

Goodwill arising on acquisitions - Over a 10-year period

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

3. Accounting policies *(continued)*

Fixed assets

Tangible fixed assets are initially stated at their purchase price, together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold improvements	-	Over remaining period of lease
Office & other equipment	-	3 to 5 years straight line
Furniture, fixtures & fittings	-	3 to 5 years straight line
Computer equipment	-	3 to 5 years straight line

Depreciation is not provided on freehold and long-term leasehold investment properties, development properties or freehold land.

Investment properties

Investment properties comprise completed property that is held to earn rental income or for capital appreciation or both. Investment properties are initially recognised at cost including transaction costs. Transaction costs include transfer taxes and professional fees for legal services. Subsequent to initial recognition investment properties are carried at fair value, as determined by real estate professionals. Gains or losses arising from change in fair value is recognised in the statement of of comprehensive income in the period in which they arise.

Stocks and work in progress

Raw materials, consumables and property held as stock are carried at the lower of cost and net realisable value. Work in progress represents specific costs of identifiable projects and is stated at the lower of cost or net realisable value.

Operating lease agreements

Assets held under operating lease agreements are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

3. Accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the group's cash management.

Financial liabilities and equity instruments issued by the group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Listed fixed asset investments and actively traded fund investments are recorded initially at fair value, by reference to the mark to market value held by the group. These investments are subsequently revalued to fair value each year end, with revaluation gains and losses recorded in the Statement of Comprehensive Income for the period in which they relate.

Unlisted fixed asset investments are initially recorded at fair value. These investments are subsequently revalued to fair value each year end, with revaluation gains and losses recorded in the Statement of Comprehensive Income for the period in which they relate.

Dividend income

Dividend income from investments is accounted for on a cash received basis. Dividends from subsidiaries and associated undertakings are accounted for when declared.

Joint arrangements

Joint arrangements are recognised in accordance with FRS 102 whereby each party accounts for its own share of assets, liabilities and cash flows in accordance with the terms of the underlying arrangement.

Finance lease agreements

Where the Group enters into a lease that transfers substantially all the risks and rewards of ownership of that asset to the lessee, the lease is treated as a finance lease. Assets held under finance leases and the initial related lease obligations are included at the fair value of the lease assets at inception of the lease and recorded as a tangible fixed asset. Depreciation on leased assets is calculated to write off the cost on a straight line basis over the shorter of the lease term and the useful economic life of the asset.

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

3. Accounting policies *(continued)*

Turnover

Turnover from property investment and trading represents amounts receivable for goods and services provided and rental income accrued in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Rental income is recognised on an accruals basis.

Turnover from sports and leisure represents goods-related turnover and is recognised when the Group has satisfied all of its obligations in respect of delivery and transfer of ownership.

Turnover from asset management represents services-related turnover and is recognised proportionally over the duration of the service.

4. Key sources of estimation uncertainty and judgements

The preparation of the financial statements in conformity with the generally accepted accounting practices requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet and the reported amounts of revenue and expenses during the reporting period.

(i) Carrying value of investments in subsidiary undertakings

The carrying value of investments in subsidiaries are initially recorded at cost and subsequently measured at cost less provision for impairment. The directors have reviewed all forecast and budgetary information available to them and have deemed there to be no objective evidence that the company will not recover the full amount stated in these financial statements.

(ii) Carrying value of other fixed asset investments

Interest held in unlisted investments are carried at fair value and therefore assumptions are used in the valuation of these investments. Although every attempt is made to ensure that the assumptions used are as accurate as possible there remains a risk that the fair value of these investments is ultimately different to the valuation within these financial statements.

(iii) Net realisable value of stock

The carrying value of stock is recognised in the financial statements as the lower of cost and net realisable value. The net realisable value is determined by real estate valuation experts, to be the estimated amount for which the property should exchange on the date of the valuation in an arm's length transaction.

(iv) Intangible assets and Goodwill

Intangible assets and Goodwill are amortised with reference to their useful life, which is an area of judgement considered by the directors. If there is an indication in the reporting period that there has been a significant change to the useful life of the intangible asset, the amortisation is revised accordingly.

The carrying value of the goodwill is reviewed annually by the board of directors for impairment. The impairment review is based on a review of future prospects for this business activity and marketplace.

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

5. Turnover

Turnover arises from:

	2019 £	2018 £
Property investment and trading	1,273,608	1,485,657
Asset management	5,947,864	1,486,645
Sport and leisure	2,923,335	3,960,219
	<u>10,144,807</u>	<u>6,932,521</u>

Segmental analysis of turnover, result before taxation and net assets/(liabilities) by class of business is as follows:

Class of business:	Turnover 2019 £	Profit/(loss) before tax 2019 £	Net assets/ (liabilities) 2019 £	Turnover 2018 £	Profit/(loss) before tax 2018 £	Net assets/ (liabilities) 2018 £
Head office	–	24,372,775	61,296,179	–	(1,407,568)	25,891,468
Property investment and trading	1,273,608	348,814	493,015	1,485,657	505,578	705,164
Asset management	5,947,864	(1,526,278)	843,768	1,486,645	2,866,823	8,589,644
Sport and leisure	2,923,335	343,355	(10,867,736)	3,960,219	(4,101,432)	(5,951,802)
Associates	–	–	1	–	–	1
	<u>10,144,807</u>	<u>23,538,666</u>	<u>51,765,227</u>	<u>6,932,521</u>	<u>(2,136,599)</u>	<u>29,234,475</u>

Geographical analysis:	Turnover 2019 £	Profit/(loss) before tax 2019 £	Net assets 2019 £	Turnover 2018 £	Profit/(loss) before tax 2018 £	Net assets/ (liabilities) 2018 £
European Union	10,136,494	23,483,723	50,875,610	6,436,458	(2,018,575)	30,943,338
United States of America	8,313	(34,296)	889,616	496,063	(7,693)	914,888
Asia Pacific	–	89,239	–	–	(110,331)	(2,623,752)
Associates:						
Asia Pacific	–	–	1	–	–	1
	<u>10,144,807</u>	<u>23,538,666</u>	<u>51,765,227</u>	<u>6,932,521</u>	<u>(2,136,599)</u>	<u>29,234,475</u>

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

5. Turnover *(continued)*

Geographical analysis is based on territory of trading activity and invoicing. Turnover by origin is not materially different from turnover by destination. Turnover between geographical segments and business segments is immaterial.

The Group's share of its associates' turnover is £4,540,454 (2018: £4,807,545).

6. Operating loss

Operating loss is stated after charging/(crediting):

	2019 £	2018 £
Amortisation of intangible assets	517,355	71,321
Depreciation of tangible assets	600,113	580,001
Foreign exchange differences	215,355	38,871
Operating lease costs - land and buildings	548,643	493,748
Auditor's remuneration	69,670	106,060

Auditor's remuneration:

	2019 £	2018 £
- Parent company	-	2,250
- Group	35,000	36,720
- Subsidiaries	34,670	67,090
- Non-audit fees	5,000	-
	<u>74,670</u>	<u>106,060</u>

Auditor's remuneration is borne by Pacific Investments Management Limited, a 100% subsidiary of Pacific Investments Limited.

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2019 No.	2018 No.
Head office	18	24
Sports and leisure	74	104
Asset management	34	7
	<u>126</u>	<u>135</u>

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	5,729,673	3,839,159
Social security costs	809,394	692,095
Pension costs	169,782	32,495
	<u>6,708,849</u>	<u>4,563,749</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	1,205,860	1,192,393

Remuneration of the highest paid director in respect of qualifying services:

	2019	2018
	£	£
Aggregate remuneration	338,550	329,166

Further information relating to key management personnel has been disclosed in note 29.

9. Profit on sale of investments

	2019	2018
	£	£
Profit on sale of investments	23,253,991	3,463,679

During the year, the Group made a profit of £23,177,620 on the sale of Pacific Foreign Exchange Limited.

10. Fair value revaluation of fixed asset investments

	2019	2018
	£	£
Fair value revaluation of listed investments	3,861,025	(227,881)
Fair value revaluation of unlisted investments	(183,905)	(212,581)
Write down of fixed asset investments	(600,000)	(1,032,491)
	<u>3,077,120</u>	<u>(1,472,953)</u>

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

11. Other interest receivable and similar income

	2019 £	2018 £
Interest on loans and receivables	30,827	313,215
Interest on cash and cash equivalents	3,697	34,720
	<u>34,524</u>	<u>347,935</u>

12. Interest payable and similar charges

	2019 £	2018 £
Interest on banks loans and overdrafts	670,126	837,135
Other interest payable and similar charges	248,761	16,405
	<u>918,887</u>	<u>853,540</u>

13. Tax on profit/loss on ordinary activities

Major components of tax expense

	2019 £	2018 £
Current tax:		
UK current tax expense	70,804	–
Foreign current tax expense	13,214	29,909
Adjustments in respect of prior periods	–	30,531
Total tax	<u>84,018</u>	<u>60,440</u>
Tax on loss on ordinary activities	<u>84,018</u>	<u>60,440</u>

Factors that may affect future tax charges

The UK government has announced future changes to the corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 17% from April 2020. As at 30 June 2019, the substantively enacted rate for the tax year ended March 2021 is 17%.

The tax assessed on the profit on ordinary activities for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit/(loss) on ordinary activities before taxation	23,538,666	(2,136,599)
Loss on ordinary activities by rate of tax	4,472,347	(405,954)
Adjustments in respect of prior year tax	–	30,531
Adjustments in respect of foreign tax rates	13,214	29,909
Net income and expenses (not credited)/not deductible for tax purposes	(4,735,357)	383,728
Share of unrecognised partnership profit	3,157	(246,932)
Unrelieved tax losses carried forward net of losses utilised	330,657	269,158
Tax on loss on ordinary activities	<u>84,018</u>	<u>60,440</u>

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

14. Result for the year of the parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the company is not presented as part of these financial statements.

The profit for the financial year of the parent company was £nil (2018: £nil).

15. Intangible assets

Group	Goodwill arising on acquisitions £	Other intangibles £	Total intangible assets £
Cost			
At 1 July 2018	5,090,453	233,544	5,323,997
Additions	21,369	3,000	24,369
Exchange movements	—	2,462	2,462
At 30 June 2019	5,111,822	239,006	5,350,828
Amortisation			
At 1 July 2018	—	16,537	16,537
Charge for the year	511,182	6,173	517,355
Exchange movements	—	259	259
At 30 June 2019	511,182	22,969	534,151
Carrying amount			
At 30 June 2019	4,600,640	216,037	4,816,677
At 30 June 2018	5,090,453	217,007	5,307,460

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

16. Tangible assets

Group	Leasehold property £	Office & other equipment £	Furniture, fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 July 2018	12,072,812	386,338	2,156,627	1,087,644	15,703,421
Additions	102,419	9,654	48,515	216,751	377,339
Disposals	—	(80,539)	(86,369)	(5,830)	(172,738)
Exchange adjustments	71,270	10,573	8,890	13,969	104,702
At 30 June 2019	12,246,501	326,026	2,127,663	1,312,534	16,012,724
Depreciation					
At 1 July 2018	4,600,557	232,011	1,398,076	760,013	6,990,657
Charge for the year	299,833	27,862	175,950	96,468	600,113
Disposals	—	—	(27,350)	(12,821)	(40,171)
Exchange adjustments	31,683	1,258	6,696	3,770	43,407
At 30 June 2019	4,932,073	261,131	1,553,372	847,430	7,594,006
Carrying amount					
At 30 June 2019	7,314,428	64,895	574,291	465,104	8,418,718
At 30 June 2018	7,472,255	154,327	758,551	327,631	8,712,764

Company

The company has no tangible assets.

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

17. Investments

Investments are analysed as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Subsidiary undertakings	–	–	10,050,000	10,050,000
Associated undertakings	714,461	3,340,806	–	–
Listed fixed asset investments	29,767,928	11,331,081	–	–
Other fixed asset investments	692,925	3,182,429	–	–
	31,175,314	17,854,316	10,050,000	10,050,000

Investment in subsidiaries

Investments in subsidiaries held by the company are analysed as follows:

	Ordinary Shares £	Preference Shares £	Total £
At 30 June 2018 and 30 June 2019	3,450,000	6,600,000	10,050,000

Details of the Group's subsidiary undertakings as at 30 June 2019, all of which are included in the consolidated financial statements, are given below. Unless specified, subsidiaries are registered in England & Wales and have a registered office address of 124 Sloane Street, London, SW1X 9BW.

Name of Undertaking	Principal Activity	Shares	Effective Group Interest	Country of Incorporation
Directly held:				
Pacific Investments Management Limited	Holding company	Ordinary	100%	UK
		Preference	100%	UK

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

17. Investments *(continued)*

Indirectly held:

Property investment and trading

The General Property Investment Company Limited	Dormant	Ordinary	100%	UK
		Preference	100%	UK
Redwood NCM LLC (1)	Property trading	Ordinary	100%	USA
Camojan Limited	Property development	Ordinary	100%	UK
Reserva de Camojan SL (2)	Property development	Ordinary	100%	Spain
Pacific Palmer LLP	Property development	n/a	78%	UK
LCAD Limited	Dormant	Ordinary	100%	UK
Keyrock Capital Limited	Property development	Ordinary	100%	UK
Old Mortar Capital Limited	Holding company	Ordinary	58%	UK
Mortar Capital Limited	Holding company	Ordinary	100%	UK
Puma Capital Limited	Holding company	Ordinary	100%	UK
Keyrock Capital Limited	Holding company	Ordinary	100%	UK

(1) Registered office address: 49 Pratt Street, Essex, Connecticut 06429, USA

(2) Registered office address: 29670 San Pedro de Alcantara (Malaga)

Pacific Palmer LLP has a 31 March year end.

Asset management

Beckwith Capital Investment Limited	Dormant	Ordinary	100%	UK
Pacific Strategic Limited	Dormant	Ordinary	100%	UK
Red River Capital Limited	Holding company	Ordinary	100%	UK
Pacific Capital Partners Limited	Fund management	Ordinary	100%	UK
Puma Asset Management Limited	Investment management	Ordinary	100%	UK
PAM Asset Management Holdings Limited	Holding company	Ordinary	100%	UK
Pacific Asset Management LLP	Holding company	n/a	67%	UK
dVAM LLP	Fund management	n/a	57%	UK
Pacific Wealth Management Limited	Holding company	Ordinary	67%	UK
JSM (Bridgwater) Ltd	Holding company	Ordinary	51%	UK
Chartered Financial Management (UK) Limited	Financial advisory	Ordinary	51%	UK
London and Continental LLP	Third party marketing	n/a	50%	UK
Pacific Industrial LLP	Fund management	n/a	70%	UK
European Logistics Real Estate Partners LLP	Investment management	n/a	58%	UK
ELREP Malta 1B Ltd (3)	Investment management	Ordinary	89%	Malta

(3) Registered office address: 114, The Strand, Gzira, Malta

PAM Asset Management Holdings Limited, Pacific Asset Management LLP, dVAM LLP, Pacific Wealth Management Limited, JSM (Bridgwater) Ltd, Chartered Financial Management (UK) Limited, London Continental LLP, Pacific Industrial LLP and European Logistics Real Estate Partners LLP all have 31 March year ends.

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

17. Investments *(continued)*

Healthcare services

Pacific Healthcare Limited	Dormant	Ordinary	100%	UK
PHL 2 Limited	Dormant	Ordinary	100%	UK
Pacific Healthcare (Australia) Limited (3)	Dormant	Ordinary	97.5%	Australia
		Preference	97.5%	Australia
Sydney X-Ray Pty Limited (4)	Dormant	Ordinary	71.3%	Australia

(3) Registered office address: 131 Fairfield Road, Guildford West, NSW 2161, Australia

(4) Registered office address: 131 Fairfield Road, Guildford West, NSW 2161, Australia

Sports, leisure and media

Pacific Leisure, Entertainment & Media Limited	Holding company	Ordinary	100%	UK
OLV 2 Limited	Dormant	Ordinary	100%	UK
Olveston Limited	Holding company	Ordinary	100%	UK
Futbol City Holdings UK Limited	Holding company	Ordinary	80%	UK
Futbol City 5 SA (5)	Leisure centre operator	Ordinary	80%	Spain
Clube VII Exploracao de Health Sociedade Unipessoal Lda (6)	Leisure centre operator	Ordinary	100%	Portugal
Unitenis-Empreendimentos de Tenis SA (7)	Leisure centre operator	Ordinary	99%	Portugal
Clube Saude SA (8)	Holding company	Ordinary	100%	Portugal

(5) Registered office address: C/ del Polideportivo, 2, 46470 Massanassa Spain

(6) Registered office address: Parque Eduardo VII, 1070-099 Lisboa, Portugal

(7) Registered office address: Parque Eduardo VII, 1070-099 Lisboa, Portugal

(8) Registered office address: Parque Eduardo VII, 1070-099 Lisboa, Portugal

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

17. Investments *(continued)*

Investments in associates

Investments in associated undertakings is analysed as follows:

	2019 £	2018 £
Unlisted ordinary shares at cost	524,900	524,950
Partnership capital	-	1,589,467
Share of post-acquisition retained losses	(40,524)	(4,692)
Equity interests in associates	<u>484,376</u>	<u>2,109,725</u>
Loans to associates	230,085	1,231,081
Investment in associates	<u>714,461</u>	<u>3,340,806</u>

The movement in Group's equity interest in associates is analysed as follows:

	Unlisted ordinary shares at cost £	Partnership capital £	Share of reserves £	Total £
Net book value at 1 Jul 2018	524,950	1,589,467	(4,692)	2,109,725
Share of associate profit	-	2,303,169	(35,832)	2,267,337
Disposals	(50)	(3,892,636)	-	(3,892,686)
Net book value at 30 Jun 2019	<u>524,900</u>	<u>-</u>	<u>(40,524)</u>	<u>484,376</u>

The underlying assets and liabilities of the associated undertakings attributable to the Group were:

	2019 £	2018 £
Fixed assets	1,715,591	1,540,446
Current assets	50,832	12,721,776
Liabilities due within one year	(1,282,047)	(11,565,573)
Liabilities after more than one year	-	(586,924)
	<u>484,376</u>	<u>2,109,725</u>

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

17. Investments *(continued)*

Details of associated undertakings are given below:

Name	Nature of business	Class of shares held	Accounting date	Percentage held	Place of incorporation
Keyrock Capital Ataulf SL	Property development	Ordinary	31 December	41%	Spain
Minerva Smart Cities	Property consultancy	Ordinary	30 June	25%	UK
Mortar Tempus Court LLP	Property development	n/a	31 March	25%	UK

Listed fixed asset investments

Listed fixed asset investments are analysed as follows:

	2019 £	2018 £
Value at start of period	11,331,081	8,485,180
Additions	36,960,492	3,689,804
Disposals	(22,384,670)	-
Revaluations	3,861,025	(843,903)
Value at end of period	29,767,928	11,331,081

During the year the company acquired 34,868,389 and disposed of 20,673,198 shares in Argentex Group plc, a foreign exchange services provider incorporated in England and Wales.

During the year the Group disposed of 395,000 shares in Urban Logistics REIT plc, a property asset management company incorporated in England and Wales.

Other fixed asset investments

Other fixed asset investments are analysed as follows:

	Fair value £
At 1 July 2018	3,182,429
Additions	333,276
Disposals	(2,638,875)
Revaluations in year	(183,905)
At 30 June 2019	692,925

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

18. Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Property held for sale	10,425,714	10,298,038	—	—
Stock	27,044	25,374	—	—
	<u>10,452,758</u>	<u>10,323,412</u>	<u>—</u>	<u>—</u>

19. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	432,052	489,132	—	—
Amounts owed by group undertakings	—	—	11,038,790	11,038,790
Amounts owed by undertakings in which the company has a participating interest	—	498,668	—	—
Prepayments and accrued income	769,690	582,552	—	—
Amounts due from related parties	5,562	—	—	—
Other debtors	6,331,441	1,680,014	—	—
	<u>7,538,745</u>	<u>3,250,366</u>	<u>11,038,790</u>	<u>11,038,790</u>

20. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	—	10,011,550	—	—
Trade creditors	714,340	260,242	—	—
Accruals and deferred income	1,812,678	744,635	—	—
Corporation tax	110,633	159,849	—	—
Social security and other taxes	224,523	266,254	—	—
Obligations under finance leases and hire purchase contracts	206,317	93,596	—	—
Related party and other creditors	4,433,738	3,314,508	—	—
	<u>7,502,229</u>	<u>14,850,634</u>	<u>—</u>	<u>—</u>

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

21. Creditors: amounts falling due after more than one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	12,685,698	2,685,055	—	—
Obligations under finance leases and hire purchase contracts	1,305,263	1,323,614	—	—
Other creditors	4,034,141	5,210,066	—	—
	<u>18,025,102</u>	<u>9,218,735</u>	<u>—</u>	<u>—</u>

Included within 'Bank loans' is corporate cross-guarantee to Lloyds Bank plc with a balance at 30 June 2019 of £10,000,000 (2018: £10,000,000 included in 'Creditors: amounts falling due within one year'). The bank loan is secured by a floating charge over the fixed assets of material companies within the Pacific Investments Limited group. Interest on this balance is charged at a margin rate of 4.25% plus the base rate of interest. In the prior year financial statements this balance was included within 'Creditors: amounts falling due within one year', however during the year ended 30 June 2019 the bank loan was renegotiated with extended terms to October 2022.

Included within 'Bank loans' for the year ended 30 June 2019 is a loan facility with SG Kleinwort Hambros Limited, secured over the assets of Pacific Palmer LLP. Interest on this balance is charged at a rate of 3% plus three-month LIBOR. The facility is due for repayment on September 2022.

Included within 'Other creditors' is a balance of £430,183 (2018: £1,427,498), representing deferred consideration in relation to the acquisition of Chartered Financial Management (UK) Ltd.

22. Deferred taxation assets

No deferred tax asset has been recognised on the unrelieved losses carried forward by a number of Group companies. Such tax would only become recoverable in the event that the respective companies become profitable in future years. The future profitability of these companies cannot be foreseen with any certainty. Unrelieved amounts carried forward at 30 June 2019 amount to £37.8 million (2018: £44.6 million) which would give rise to an equivalent deferred tax asset of £7.2 million (2018: £8.5 million) assuming corporation tax rates remain at 19%.

The company has no other material provided or unprovided deferred tax assets or liabilities.

23. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Not later than 1 year	206,317	93,596	—	—
Later than 1 year and not later than 5 years	1,305,263	1,323,614	—	—
	<u>1,511,580</u>	<u>1,417,210</u>	<u>—</u>	<u>—</u>

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

24. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	30,460,853	14,513,510
Financial assets that are debt instruments measured at amortised cost	6,769,055	2,667,814
Financial assets measured at cost less impairment	751,012	3,340,806
Financial liabilities		
Financial liabilities measured at amortised cost	(25,527,331)	(24,069,369)

Financial assets measured at fair value through profit and loss comprise listed investments and unlisted investments.

Financial assets measured at amortised costs comprise trade and other receivables, amounts owed by undertakings in which the company has a participating interest, amounts due from related parties and other debtors.

Financial assets measured at cost less impairment comprise interests in subsidiaries, investments in associates and investments joint ventures.

Financial liabilities measured at amortised cost comprise secured bank loans, trade and other payables, obligations under finance leases, other creditors and accruals.

25. Called up share capital

Authorised share capital

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	4,000,000	4,000,000	4,000,000	4,000,000
A Preference shares of £0.88 each	5,000,000	4,400,000	5,000,000	4,400,000
B Preference shares of £0.88 each	4,000,000	3,520,000	4,000,000	3,520,000
B Ordinary shares of £1 each	3,450,000	3,450,000	3,450,000	3,450,000
	16,450,000	15,370,000	16,450,000	15,370,000

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	3,450,000	3,450,000	3,450,000	3,450,000
B Ordinary shares of £1 each	3,450,000	3,450,000	3,450,000	3,450,000
	6,900,000	6,900,000	6,900,000	6,900,000

The Ordinary shares and B Ordinary shares rank pari passu in all respects.

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

26. Reserves

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Retained earnings - This reserve records retained earnings and accumulated losses less amounts distributable to shareholders.

Other reserves - This reserve relates to a merger reserve that arose at group level following the acquisition of shares in Pacific Investments Management Limited. The balance represents the excess of the nominal value of the share capital of Pacific Investments Management Limited over the nominal value of the share capital of the company.

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Not later than 1 year	551,861	499,916	~	~
Later than 1 year and not later than 5 years	2,207,444	1,999,664	~	~
Later than 5 years	1,137,562	1,999,664	~	~
	<u>3,896,867</u>	<u>4,499,244</u>	<u>~</u>	<u>~</u>

28. Guarantees

Corporate Cross-Guarantee

The company provides a corporate cross-guarantee to Lloyds Bank in respect of bank loans and overdrafts of Pacific Investments Management Limited, Pacific Leisure, Entertainment & Media Limited, Beckwith Capital Investment Limited, Pacific Strategic Limited, The General Property Investment Company Limited, Pacific Healthcare Limited, Red River Capital Limited and Pacific Capital Partners Limited. As security, the bank holds a debenture comprising fixed and floating charges over the assets of the company. At 30 June 2019, total borrowings against which this cross-guarantee applied were £10.0 million (2018: £10.0 million).

Pacific Investments Limited

Notes to the Financial Statements *(continued)*

for the year ended 30 June 2019

28. Guarantees *(continued)*

Audit Guarantee

The company has provided guarantees of the liabilities of subsidiaries listed below in relation to their respective year ends (also listed below). The subsidiary companies are taking advantage of the exemption from audit under section 479A of the Companies Act 2006. The Directors do not consider that there is any liability in respect to these guarantees.

<u>Subsidiary</u>	<u>Guarantee of liabilities as at</u>
Camojan Limited	30 June 2019
Futbol City Holdings UK Limited	30 June 2019
Keyrock Capital Limited	30 June 2019
Mortar Capital Limited	30 June 2019
Old Mortar Capital Limited	30 June 2019
Pacific Leisure, Entertainment & Media Limited	30 June 2019
Puma Asset Management Limited	30 June 2019
Puma Capital Limited	30 June 2019
PAM Asset Management Holdings Limited	31 March 2019
Pacific Wealth Management Limited	31 March 2019
JSM (Bridgwater) Limited	31 March 2019
European Logistics Real Estate Partners LLP	31 March 2019
London and Continental Partners LLP	31 March 2019
Pacific Industrial LLP	31 March 2019
Pacific Asset Management LLP	31 March 2019

29. Related party transactions

The company is exempt under the terms of FRS 102 from disclosing related party transactions with entities that are wholly owned members of the Pacific Investments Limited Group of companies.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the company. In the opinion of the directors, the company's key management are the directors. The compensation paid or payable to key management for employee services relates to salaries and other short-term benefits including pension contributions of £1,205,860 (2018: £1,192,393).

During the year, Puma Capital Limited carried out transactions with Puma Lending Limited, a company related by ultimate common shareholding. The total amount of these transactions was £1,005,120 (2018: £374,282). At 30 June 2019 £1,379,402 (2018: £374,282) was due to Puma Lending Limited, a company related by ultimate common shareholding, shown as a creditor in 'Related party and other creditors'.

During the year fees of £20,000 (2018: £20,000) were charged to the JL Beckwith 1986 Children's Settlement Trust, of which JL Beckwith is a Trustee, and at 30 June 2019 £5,000 (2018: £nil) was receivable from the Trust.

During the year Futbol City Holdings UK Limited carried out transactions with HJ Beckwith, a shareholder of the company. The total amount of these transactions was a net loan increase of £2,570 (2018: £1,621), including £2,570 of losses (2018: £1,621) arising as a result of foreign exchange movements. At 30 June 2019 the company owed HJ Beckwith £248,228 (2018: £245,658).

Pacific Investments Limited
Notes to the Financial Statements *(continued)*
for the year ended 30 June 2019

29. Related party transactions *(continued)*

During the year Futbol City Holdings UK Limited carried out transactions with SP Beckwith, a shareholder of the company. The total amount of these transactions was a net loan increase of £2,570 (2018: £1,621), including £2,570 of losses (2018: £1,621) arising as a result of foreign exchange movements. At 30 June 2019 the company owed SP Beckwith £248,228 (2018: £245,658).

During the year Camojan Limited carried out transactions with JL Beckwith, a shareholder of the ultimate parent company. The net amount of these transactions was a net loan decrease of £133,000 (2018: increase of £17,993). At 30 June 2019 the company owed JL Beckwith £2,594,353 (2018: £2,727,353).

During the year, Old Mortar Capital Limited (formerly Mortar Capital Limited) carried out transactions with HollyB Limited, of which SP Beckwith, is a director. The net amount of these transactions was a net loan decrease of £3,361 (2018: increase of £39,270). At 30 June 2019 Old Mortar Capital Limited owed HollyB Limited £88,259 (2018: £91,620) which is included within 'Other creditors'.

During the year, Old Mortar Capital Limited carried out transactions with Old Malt House Developments Limited, of which CJ Bearman, who is an associated family member of JL Beckwith, is a director. The net amount of these transactions was a net loan decrease of £3,361 (2018: increase of £39,270). At 30 June 2019 Old Mortar Capital Limited owed Old Malt House Developments Limited £88,259 (2018: £91,620) which is included within 'Other creditors'.

During the year, Old Mortar Capital Limited carried out transactions with HJB Capital Limited, of which HJ Beckwith and SP Beckwith are directors. The net amount of these transactions was a net loan decrease of £6,721 (2018: increase of £78,539). At 30 June 2019 Old Mortar Capital Limited owed HJB Capital Limited £176,518 (2018: £183,239) which is included within 'Other creditors'.

During the year, Old Mortar Capital Limited carried out transactions with SPB Capital Limited, of which SP Beckwith is a director. The net amount of these transactions was a net loan decrease of £13,525 (2018: increase of £157,079). At 30 June 2019 Old Mortar Capital Limited owed SPB Capital Limited £352,954 (2018: £366,479) which is included within 'Other creditors'.

During the year Chartered Financial Management (UK) Limited carried out transactions with R J Butts, a Director of the company. The director's loan balance was fully repaid, with the balance owed to the company being £nil at 31 March 2019 (2018: £351,000).

During the year Chartered Financial Management (UK) Limited carried out transactions with J S Marshfield, a Director of the company. The director's loan balance was fully repaid, with the balance owed to the company being £nil at 31 March 2019 (2018: £322,500).

During the year, operating lease payments totalling £89,016 (2018: £37,357) were charged to Chartered Financial Management (UK) Limited by Cabot Trustees Limited, being the trustees of the J S Marshfield and R J Butts private pension plan. As at period end an amount of £66,233 was payable (2018: £nil).

No further transactions with related parties were undertaken such as are required to be disclosed under FRS 102.

30. Subsequent events

There are no material subsequent events to disclose.

31. Controlling party

In the opinion of the directors the ultimate controlling party of the company is JL Beckwith.