
ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2022**



ARLINGTON GROUP ASSET MANAGEMENT LIMITED

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ARLINGTON GROUP ASSET MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	C. Cannon Brookes S. C. Catt
Registered number	02359077
Registered office	15 Whitehall London SW1A 2DD
Trading Address	1st Floor 47/48 Piccadilly London W1J 0DT
Independent auditors	F. W. Smith, Riches & Co. Chartered Accountants & Statutory Auditors 15 Whitehall London SW1A 2DD

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors are pleased to present their Strategic Report for the year ended 31 December 2022.

The Strategic Report is a statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the directors to be satisfied that they have complied with section 172 of the Companies Act 2006 which sets out the directors' duty to promote the success of the company.

Principal activities

The principal activity of the Group is the provision of financial and advisory services to UK and overseas clients.

Business review

The directors are satisfied with the overall performance for the period under review, when viewed in the context of the changing economic climate. Group turnover increased by 5% from £2,199,178 in 2021 to £2,299,975 in 2022. The value of the current asset investments decreased by 9% from £6,112,096 in 2021 to £5,575,992 in 2022.

The above items contributed to the Group recording a profit after tax for the year of £606,075, as compared to a profit after tax of £2,416,972 in 2021.

Section 172 statement

The directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.'

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Section 172 statement (continued)

The following paragraphs summarise the key ways in which the Directors fulfil their duties:

Strategy and principal decisions

As an owner-managed business the interests of the Company's shareholders and directors are fully aligned. During the year under review the Board decided to pay interim dividends of £1,150,000 (2021: £550,000). In taking this decision the directors considered the ongoing cash requirements of the Group in order to meet its long-term strategic objectives.

Employees

We have a small team of highly experienced investment management and corporate finance professionals. As an advisory company, our staff are at the heart of our business. Due to the size of our team we engage frequently and collaborate on various aspects of the business. As a Board, we value the input of each individual member of staff.

Business relationships

In order to deliver specialist financial and advisory services it is essential that we develop and maintain strong relationships with our suppliers and clients. We work with experts across investment management, corporate finance, legal, tax and public relations to ensure that we can deliver a high-quality service to our clients and we recognise the importance of developing long-lasting relationships with our suppliers. We also work closely with our clients' management teams in order that we can fully understand their needs and deliver the best possible service.

Principal risks and uncertainties

The Company operates a risk management framework that sets out the responsibilities and escalation procedures for the identification, monitoring, and management of operational and business risks. Capital planning takes these identified risks into account.

Specific personnel are assigned responsibility for the risks across the parent company. The Company's Directors take overall responsibility with the assistance of the Compliance Officer for identifying material risks to the parent company and putting appropriate mitigating controls in place. A specialist compliance consultancy is engaged for ongoing regulatory advice to ensure the Company is up to date with all regulatory obligations.

Risks and mitigating controls are periodically reassessed, taking into account the Company's risk appetite. Where risks are identified which fall outside of the Company's risk tolerance levels, or where the need for remedial action is identified in respect of identified weaknesses in the Company's mitigating controls, then actions are taken to improve the control framework.

The Board meets periodically to review the quality of the control framework and to satisfy itself that appropriate controls are in place and that mitigating actions are moving forward.

The specific types of risks faced by the Company are;

- Operational risk,
- Business risk,
- Credit risk, and
- Market risk.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Operational Risk

This is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. The Company seeks to minimize operational risk through a controls framework, particularly when engaging in new business ventures or trading new products. The Company considers risks which may impact the Company directly or indirectly. The most significant operational risks facing the Company would most likely be a catastrophic systems failure.

Business Risk

Business risk arises from external sources such as changes to the economic environment or one-off economic shocks, and also from internal sources such as poor decisions or suboptimal allocation of capital resulting in poor performance and damage to the Company's reputation. Various different scenarios are modelled in order to assess the impact of adverse economic conditions on our financial position. This enables the Company to monitor its business risk and to assist in its capital planning.

Credit Risk

The Company is not exposed to credit risk other than in respect of cash held on deposit at large international credit and regulated institutions. Consequently the Company has a limited number of credit exposures in respect of which it uses the simplified standardised approach when calculating risk weighted exposures, in accordance with the provisions of BIPRU 3.5. Credit risk is not considered to be material for the purposes of this disclosure.

Market Risk

The Company is exposed to market risk on its listed current asset investments and foreign exchange risk in respect of its accounts receivable and cash balances held in currencies other than pound sterling. The Company closely monitors its exposure by reviewing available market information and acts accordingly. The Company calculates its foreign exchange risk by reference to the provisions of BIPRU 7.5. Foreign exchange risk is not considered to be material for the purposes of this disclosure.

Other risks

The Company finances its operations through the generation of cash from operating activities and has no interest rate exposure on financial liabilities. Liquidity risk is managed through forecasting the future cash flow requirements of the business and maintaining sufficient cash at bank balances.

The Group's financial instruments comprise current asset investments, cash and cash equivalents, trade debtors, other debtors, trade creditors and other creditors. Current asset investments are constantly monitored to minimise the Group's exposure to valuation risk. Other financial risks are not considered to have a material impact on the assessment of the Group's assets, liabilities, financial position or result for the period.

MIFIDPRU disclosures

The Company has documented the disclosures required by the Financial Conduct Authority under MIFIDPRU8 on the Company's website at www.agam.co.uk.

This report was approved by the board on 23 March 2023 and signed on its behalf by:

C. Cannon Brookes
Director



ARLINGTON GROUP ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £606,075 (2021 - £2,416,972).

During the year, interim dividends of £1,150,000 (2021: £550,000) were paid.

Directors

The directors who served during the year were:

C. Cannon Brookes
S. C. Catt

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Subsequent events

There have been no significant changes in the Group's principal activities since the Balance Sheet date.

Financial instruments

The Group's financial instruments primarily comprise current asset investments, cash and cash equivalents, trade debtors, other debtors, trade creditors and other creditors. Current asset investments are constantly monitored to minimise the Group's exposure to valuation risk. Other financial risks are not considered to have a material impact on the assessment of the Group's assets, liabilities, financial position or result for the period.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Matters covered in the Group Strategic Report

The Strategic Report on pages 2 to 4 contains details of the principal activities of the Company and includes a business review which provides information on the development of the Company's business during the year, together with details of the risks and uncertainties that affect the Company's business.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

The auditors, F. W. Smith, Riches & Co., will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 March 2023 and signed on its behalf by:



C. Cannon Brookes
Director

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARLINGTON GROUP ASSET MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Arlington Group Asset Management Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, 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 Financial Reporting Standard 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 31 December 2022 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARLINGTON GROUP ASSET MANAGEMENT LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARLINGTON GROUP ASSET MANAGEMENT LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the 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.

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include compliance with FCA regulations and GDPR.

Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law and Tax and Pensions legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant FCA documentation; policies and risk assessments; review of board meeting minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

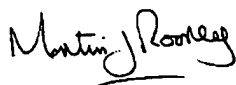
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARLINGTON GROUP ASSET MANAGEMENT
LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



Martin J. Rooney (Senior Statutory Auditor)
for and on behalf of
F. W. Smith, Riches & Co.
Chartered Accountants & Statutory Auditors
London

23 March 2023

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	2,299,975	2,199,178
Cost of sales		(141,392)	(64,852)
Gross profit		2,158,583	2,134,326
Administrative expenses		(692,717)	(961,219)
Other operating income	4	(712,592)	1,821,125
Operating profit	5	753,274	2,994,232
Interest receivable and similar income		-	312
Interest payable and similar expenses		(100)	(20)
Profit before tax		753,174	2,994,524
Tax on profit	9	(147,099)	(577,552)
Profit for the financial year		606,075	2,416,972
Profit for the year attributable to:			
Owners of the parent		606,075	2,416,972

ARLINGTON GROUP ASSET MANAGEMENT LIMITED
REGISTERED NUMBER:02359077

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	2,896	4,232
		<u>2,896</u>	<u>4,232</u>
Current assets			
Debtors: amounts falling due within one year	12	191,310	129,407
Current asset investments	13	5,575,992	6,112,096
Cash at bank and in hand		188,939	372,342
		<u>5,956,241</u>	<u>6,613,845</u>
Creditors: amounts falling due within one year	14	(229,335)	(343,830)
Net current assets		<u>5,726,906</u>	<u>6,270,015</u>
Total assets less current liabilities		<u>5,729,802</u>	<u>6,274,247</u>
Net assets		<u>5,729,802</u>	<u>6,274,247</u>
Capital and reserves			
Called up share capital		54,180	54,180
Share premium account	17	32,794	32,794
Capital redemption reserve	17	74,321	74,321
Profit and loss account	17	5,568,507	6,112,952
Equity attributable to owners of the parent Company		<u>5,729,802</u>	<u>6,274,247</u>
		<u>5,729,802</u>	<u>6,274,247</u>

The financial statements on pages 11 to 31 were approved and authorised for issue by the board on 23 March 2023 and were signed on its behalf by:



C. Cannon Brookes
Director

ARLINGTON GROUP ASSET MANAGEMENT LIMITED
REGISTERED NUMBER:02359077

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	2,896	4,232
Investments	11	73	73
		<u>2,969</u>	<u>4,305</u>
Current assets			
Debtors: amounts falling due within one year	12	191,310	130,722
Current asset investments	13	5,575,992	6,112,096
Cash at bank and in hand		188,225	336,771
		<u>5,955,527</u>	<u>6,579,589</u>
Creditors: amounts falling due within one year	14	(224,448)	(333,072)
Net current assets		<u>5,731,079</u>	<u>6,246,517</u>
Total assets less current liabilities		<u>5,734,048</u>	<u>6,250,822</u>
Net assets		<u><u>5,734,048</u></u>	<u><u>6,250,822</u></u>
Capital and reserves			
Called up share capital	16	54,180	54,180
Share premium account	17	32,794	32,794
Capital redemption reserve	17	74,321	74,321
Profit and loss account brought forward		6,089,527	4,250,641
Profit for the year		633,226	2,388,886
Dividends		(1,150,000)	(550,000)
Profit and loss account carried forward	17	<u>5,572,753</u>	<u>6,089,527</u>
		<u><u>5,734,048</u></u>	<u><u>6,250,822</u></u>

The financial statements on pages 11 to 31 were approved and authorised for issue by the board on 23 March 2023 and were signed on its behalf by:



C. Cannon Brookes
Director

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2021	54,180	32,794	74,321	4,246,038	4,407,333
Comprehensive income for the year					
Profit for the year	-	-	-	2,416,972	2,416,972
Currency translation differences	-	-	-	(58)	(58)
Total comprehensive income for the year	-	-	-	2,416,914	2,416,914
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(550,000)	(550,000)
Total transactions with owners	-	-	-	(550,000)	(550,000)
At 1 January 2022	54,180	32,794	74,321	6,112,952	6,274,247
Comprehensive income for the year					
Profit for the year	-	-	-	606,075	606,075
Currency translation differences	-	-	-	(520)	(520)
Total comprehensive income for the year	-	-	-	605,555	605,555
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(1,150,000)	(1,150,000)
Total transactions with owners	-	-	-	(1,150,000)	(1,150,000)
At 31 December 2022	54,180	32,794	74,321	5,568,507	5,729,802

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2021	54,180	32,794	74,321	4,250,641	4,411,936
Comprehensive income for the year					
Profit for the year	-	-	-	2,388,886	2,388,886
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(550,000)	(550,000)
Total transactions with owners	-	-	-	(550,000)	(550,000)
At 1 January 2022	54,180	32,794	74,321	6,089,527	6,250,822
Comprehensive income for the year					
Profit for the year	-	-	-	633,226	633,226
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(1,150,000)	(1,150,000)
Total transactions with owners	-	-	-	(1,150,000)	(1,150,000)
At 31 December 2022	54,180	32,794	74,321	5,572,753	5,734,048

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	606,075	2,416,972
Adjustments for:		
Depreciation of tangible assets	2,399	11,549
Interest received	-	(312)
Taxation charge	147,099	577,552
(Increase)/decrease in debtors	(61,903)	8,893
(Decrease)/increase in creditors	(26,073)	12,162
Net fair value losses/(gains) recognised in P&L	1,155,535	(1,739,861)
Corporation tax paid	(235,521)	(1,348,074)
Equity investments received in respect of services provided	(808,773)	-
Unrealised foreign exchange	2,140	10,159
Profit on disposal of investments	(339,106)	-
Net cash generated from operating activities	441,872	(50,960)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,063)	(2,428)
Purchase of short-term unlisted investments	(20,000)	(1,349,401)
Sale of short-term unlisted investments	546,308	436,052
Interest paid	-	312
Net cash generated from / (used in) investing activities	525,245	(915,465)
Cash flows from financing activities		
Dividends paid	(1,150,000)	(550,000)
Net cash used in financing activities	(1,150,000)	(550,000)
Net decrease in cash and cash equivalents	(182,883)	(1,516,425)
Cash and cash equivalents at beginning of year	372,342	1,888,825
Foreign exchange gains and losses	(520)	(58)
Cash and cash equivalents at the end of year	188,939	372,342
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	188,939	372,342
	188,939	372,342

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2022 £	Cash flows £	Other non- cash changes £	At 31 December 2022 £
Cash at bank and in hand	<u>372,342</u>	<u>(182,883)</u>	<u>(520)</u>	<u>188,939</u>

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies

1.1 Statement of compliance

The principal activity of the Group is the provision of financial and advisory services to UK and overseas clients.

Arlington Group Asset Management Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 15 Whitehall, London, SW1A 2DD. The principal place of business is 1st Floor, 47/48 Piccadilly, London, W1J 0DT.

1.2 Basis of preparation of financial statements

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ("FRS 102") and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets measured at fair value through profit or loss.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual Profit and Loss Account.

1.3 Basis of consolidation

The Group consolidated financial statements are made up to 31 December 2022 and include the financial statements of the Company and its subsidiary undertakings except the subsidiary undertaking that is held as part of an investment portfolio which is measured at fair value, with the change in fair value recognised in profit or loss. This is a departure from the requirements of the Companies Act 2006 but the Directors believe that it is both necessary in order for the accounts to show a true and fair view and that there are no material differences between the treatments.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where a subsidiary has different accounting policies to the Group, adjustments are made to the subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenditure are eliminated on consolidation.

1.4 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates and value added tax. The following criteria must also be met before revenue is recognised:

Sale of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

1.6 Investments

In the Company's financial statements investments in subsidiaries, with the exception of the subsidiary held as part of an investment portfolio, are measured at cost less accumulated impairment. See note 1.3.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and dismantling and restoration costs.

Depreciation is calculated, using the straight line method, to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Fixtures & fittings	- 25% on cost
Office equipment	- 33% on cost
Computer equipment	- 33% on cost
Leasehold improvements	- Straight line over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Profit and Loss Account and included in 'administrative expenses'.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.8 Financial instruments

The Group have chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Profit and Loss Account in 'administrative expenses'.

Valuation of investments

Investments in unlisted company shares, whose fair value can be reliably determined, are remeasured to fair value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where fair value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to fair value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.9 Operating leases

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight line basis.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.10 Foreign currency translation

Functional and presentation currency

The Group's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account within 'administrative expenses'.

Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'other comprehensive income'.

1.11 Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned. Where appropriate transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group's financial statements.

1.12 Defined contribution pension plans

The Group contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting policies (continued)

1.13 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Profit and Loss Account. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and profit on ordinary activities before taxation as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.14 Share capital

Ordinary shares are classified as equity.

1.15 Distribution to equity holders

Final dividends to the Group's shareholders are recognised as a liability and included in the Profit and loss account in the period in which the dividends are approved by the shareholders. Interim dividends are recognised in the Profit and Loss Account as paid.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgement has had the most significant effect on amounts recognised in the financial statements:

The Group's and Company's investment in Arlington Partners Fund Limited is held as part of an investment portfolio and is recognised in the Balance Sheet at fair value. The fair value of the subsidiary is principally determined by reference to the valuation of its underlying investments taking into account whether the investments are traded on an active or non-active market. If they are not traded on an active market, alternative valuation techniques have been used to estimate the fair value.

3. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Income from the rendering of services	<u>2,299,975</u>	<u>2,199,178</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	1,597,869	1,164,660
Rest of the world	<u>702,106</u>	<u>1,034,518</u>
	<u>2,299,975</u>	<u>2,199,178</u>

4. Other operating income

	2022 £	2021 £
Other operating income	41,737	35,664
Net rents receivable	62,100	45,600
Changes in fair value of financial assets held at fair value through profit or loss	<u>(816,429)</u>	<u>1,739,861</u>
	<u>(712,592)</u>	<u>1,821,125</u>

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible fixed assets	2,399	11,549
Exchange differences	(7,841)	18,970
Other operating lease rentals	174,035	196,718
	<u>174,035</u>	<u>196,718</u>

6. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Group's auditors for the audit of the Company's annual accounts	16,750	16,250
The auditing of the Company's subsidiaries	5,250	5,125
Taxation compliance services	4,050	2,820
Other services relating to taxation	2,355	750
All other services	2,426	2,850
	<u>16,750</u>	<u>16,250</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2022 £	Group 2021 £
Wages and salaries	140,263	209,007
Social security costs	11,804	19,316
Cost of defined contribution scheme	1,321	1,854
	<u>153,388</u>	<u>230,177</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees - group and parent entity	4	5
	<u>4</u>	<u>5</u>

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	<u>26,830</u>	<u>23,618</u>

Key management compensation is equal to Directors' remuneration.

9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	147,157	577,552
Adjustments in respect of previous periods	(58)	-
Total current tax	<u>147,099</u>	<u>577,552</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>753,174</u>	<u>2,994,524</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	143,103	568,960
Effects of:		
Expenses not deductible for tax purposes	4,132	6,932
Capital allowances for year in arrears of depreciation	(78)	1,660
Adjustments to tax charge in respect of prior periods	(58)	-
Total tax charge for the year	<u>147,099</u>	<u>577,552</u>

Factors that may affect future tax charges

An increase in the main rate of Corporation Tax from 19% to 25% from 1 April 2023 was substantively enacted on 24 May 2021.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Tangible fixed assets

Group and Company

	Fixtures & fittings £	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost					
At 1 January 2022	35,571	3,033	29,848	23,210	91,662
Additions	-	-	1,063	-	1,063
At 31 December 2022	<u>35,571</u>	<u>3,033</u>	<u>30,911</u>	<u>23,210</u>	<u>92,725</u>
Depreciation					
At 1 January 2022	35,278	471	28,471	23,210	87,430
Charge for the year on owned assets	246	1,011	1,142	-	2,399
At 31 December 2022	<u>35,524</u>	<u>1,482</u>	<u>29,613</u>	<u>23,210</u>	<u>89,829</u>
Net book value					
At 31 December 2022	<u><u>47</u></u>	<u><u>1,551</u></u>	<u><u>1,298</u></u>	<u><u>-</u></u>	<u><u>2,896</u></u>
At 31 December 2021	<u><u>293</u></u>	<u><u>2,562</u></u>	<u><u>1,377</u></u>	<u><u>-</u></u>	<u><u>4,232</u></u>

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2022	73
At 31 December 2022	<u>73</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Radix Capital Limited	England & Wales	Ordinary	100%
Arlington Group Asset Management (Guernsey) Limited	Guernsey	Ordinary	100%
Arlington Partners Fund Limited	Guernsey	Manager & participating	100%

Radix Capital Limited is included in the consolidation. The Company's investment in Radix Capital Limited is by direct ownership. The registered office of Radix Capital Limited is 1st Floor, 47/48 Piccadilly, London, W1J 0DT.

Arlington Group Asset Management (Guernsey) Limited is included in the consolidation. The Company's investment in this company is by direct ownership. The registered office of this company is Hirzel House, Smith Street, St Peter Port, Guernsey, GY1 2NG.

Arlington Partners Fund Limited is excluded from the consolidation as it is held as part of an investment portfolio. Manager shares are held indirectly and participating shares are held directly. The registered office is Hirzel House, Smith Street, St Peter Port, Guernsey, GY1 2NG.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	14,982	34,440	14,982	34,440
Amounts owed by group undertakings	-	-	-	1,314
Other debtors	112,137	63,995	112,137	63,995
Prepayments and accrued income	64,191	30,972	64,191	30,973
	<u>191,310</u>	<u>129,407</u>	<u>191,310</u>	<u>130,722</u>

13. Current asset investments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Loan to group undertaking	-	-	-	209,342
Investments held at fair value	84,373	209,342	84,373	-
Subsidiary held at fair value	5,491,619	5,902,754	5,491,619	5,902,754
	<u>5,575,992</u>	<u>6,112,096</u>	<u>5,575,992</u>	<u>6,112,096</u>

Investments held at fair value

The investments held at fair value are part of an investment portfolio, measured at fair value, with changes in fair value recognised in profit or loss. The fair value of investments publicly traded on an active market is deemed to be the quoted market price. Where the market is not active, the fair value is deemed to be based upon the EBITDA or net asset value on winding up of the company, as appropriate.

Other investments that are not listed are held at cost less impairment as it is considered this is the fair value of the investment.

Subsidiary held at fair value

Arlington Partners Fund Limited is accounted for as a subsidiary undertaking measured at fair value, with changes through profit or loss.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	-	7,489	-	7,489
Amounts owed to group undertakings	-	-	72,609	-
Corporation tax	79,130	167,552	6,419	160,930
Other taxation and social security	15,363	31,526	15,363	31,526
Other creditors	83,757	88,057	83,827	88,132
Accruals and deferred income	51,085	49,206	46,230	44,995
	<u>229,335</u>	<u>343,830</u>	<u>224,448</u>	<u>333,072</u>

15. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets				
Financial assets measured at fair value through profit or loss	<u>5,575,992</u>	<u>6,112,096</u>	<u>5,575,992</u>	<u>6,112,096</u>

Financial assets measured at fair value through profit or loss comprise current asset investments.

16. Share capital

	2022 £	2021 £
602 Ordinary A shares of £45 each	27,090	27,090
602 Ordinary C shares of £45 each	27,090	27,090
	<u>54,180</u>	<u>54,180</u>

There are two classes of Ordinary Shares. There are no restrictions on the distribution of dividends and the repayment of capital.

ARLINGTON GROUP ASSET MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the Company.

Profit & loss account

The Profit and Loss Account is a distributable reserve.

18. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	150,733	153,649	150,733	153,649
Later than 1 year and not later than 5 years	476,201	626,934	476,201	626,934
	<u>626,934</u>	<u>780,583</u>	<u>626,934</u>	<u>780,583</u>

19. Controlling party

There was no ultimate controlling party in either 2021 or 2022.

20. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent Company for the year was £633,226 (2021 - £2,388,886).