Credit Suisse Asset Management (UK) Holding Limited

CREDIT SUISSE

Annual Report 2021

Company Registration Number 03045295

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Company Information

Board of Directors as at 14 April 2022 (forms part of the Directors' Report)
Tracy Cherrington (Chair)
Marc Berryman

Company Secretary
Paul E. Hare

Company Registration Number
03045295

Registered Office
One Cabot Square London E14 4QJ

Independent Auditors
PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT United Kingdom

Strategic Report for the year ended 31 December 2021

Principal Activities and Entity Structure

Credit Suisse Asset Management (UK) Holding Limited (the 'Company' or 'CSAMH') is a private limited company by shares that is domiciled and registered in the United Kingdom ('UK'), and is partly (77.52%) owned by Credit Suisse AG ('CSAG') and partly (22.48%) by Credit Suisse Holding Europe (Luxembourg) S.A. CSAG is domiciled in Switzerland and its ultimate parent is Credit Suisse Group AG ('CSG'), which is the parent of a worldwide group of companies (collectively referred to as the 'CS group').

The principal activity of CSAMH is that of a holding company for its subsidiary, Credit Suisse Asset Management Limited ('CSAML'). CSAML is a limited company domiciled in the UK and is authorised and regulated by the Financial Conduct Authority ('FCA'). CSAML's principal activities are the provision of management and advisory services, placement agency and advisory services to third party private equity managers, and the provision of sales and marketing support to Credit Suisse's global Asset Management group via its distribution group.

The directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2021.

Performance

CSAMH uses a range of Key Performance Indicators ('KPIs') to manage its financial position.

	2021	2020
Earnings and Profitability		
Loss before tax (£k)	(16)	(1,987)
Statement of Financial Position		
Total Assets (£k)	164,751	164,340

Earnings and Profitability

For the year ended 31 December 2021, the Company reported a loss before tax of £16k (2020: loss of £1,987k). Reduction in loss before tax was due to the Private Credit Opportunities ('PCO') business being transferred to its subsidiary CSAML in 2020. In addition the QT Fund Ltd was liquidated in April 2020. From the end of 2020, there were no employees in CSAMH.

The Company's operating expenses were £37k in 2021 (2020: £3,149k). The decrease in the year relates to the PCO business transferring to CSAML at the end of 2020 coupled with there be no employees in CSAMH in 2021.

Statement of Financial Position

As at 31 December 2021, CSAMH had total assets of £164,751k (2020: £164,340k) and total equity of £159,038k (2020: £158,698k).

Principal Risks

CSAMH is a holding company and its main risk is that of impairment of its investment in its subsidiary, CSAML. CSAMH also faces credit risk on its receivables, which are primarily from other CS group companies. CSAMH's financial risk management objectives and policies are outlined in Note 17 - Financial risk management. The risks for CSAMH are actively managed within its subsidiary.

Outlook

CSAMH continues to closely monitor changes in the dynamic operating environment and the effects on its subsidiary, CSAML.

In 2022, the world will begin to adapt to a new regime of living with COVID-19 as an endemic virus. With respect to the Russian governments attack on Ukraine, various countries imposed sanctions on Russia and Russia imposed certain countermeasures. These actions are having a significant impact on the global market and market conditions will remain volatile for an extended period of time in 2022.

Liquidity

Both the CS group and CSAMH consider a strong and efficient liquidity position to be a priority. Throughout 2021, the Company managed its liquidity needs without resorting to the CSAG. The CSAG continues to provide confirmation that it will provide sufficient funding to CSAMH to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations.

Capital

As the parent of a firm authorised and regulated by the FCA, CSAMH is required at all times to monitor and comply with the FCA's regulatory capital requirements. CSAMH has put in place processes and controls to monitor and manage its capital adequacy. No breaches were reported to the FCA during the year. Throughout 2021, CSAMH maintained a strong and stable capital position.

The Pillar 3 disclosures can be found separately at www.credit-suisse.com

On behalf of the Board

Tracy Cherrington
Director

One Cabot Square
London E14 4QJ
14 April 2022

Directors' Report

Directors

The directors of the Company who were in office during 2021 and up to the date of signing the Financial Statements are set out on page 3.

Changes in the directorate from 1 January 2021 to the date of this report are as follows:

- **Appointments:** There were no Board appointments during 2021.

- **Resignations:** Caron Hughes resigned on 23 November 2021.

None of the directors who held office at the end of the financial year were directly beneficially interested, at any time during the year, in CSAMH's shares. CSAMH's directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare CSAMH's Financial Statements for each financial year. Under that law, the directors have prepared the CSAMH Financial Statements in accordance with UK-adopted international accounting standards ('UK-adopted IFRS's').

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 of the profit or loss of the Company for that period. In preparing these Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether, for CSAMH, applicable UK-adopted IFRS's have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not 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 its Financial Statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's Financial Statements. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Directors' Confirmations

The directors confirm to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK-adopted IFRSs, give a true and fair view of the assets, liabilities, financial position and profit or loss of CSAMH and;

- The Strategic Report includes a fair, review of the development and performance of the business and the position of CSAMH, together with a description of the principal risks and uncertainties faced.

In the case of each director in office at the date the directors' report is approved;

- so far as the director is aware, there is no relevant audit information of which CSAMH's auditors are not aware; and

- they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that CSAM's auditors are aware of that information.

Dividends

No dividends were paid or are proposed for the year ended 31 December 2021 (2020: nil).

Political Donations

No political donations were made or political expenditure incurred during the 2021 financial year (2020: nil).

Risk and Capital

The risks are detailed in Note 17 - Financial risk management. Changes made to the capital structure are set out in Note 12 - Called-up share capital.

Going Concern

CSAG has provided a letter of intent to ensure CSAMH can meet its debt obligations for the next 18 months. Consequently, the directors are confident that CSAMH will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis. All these measures support the Board's assessment that the Company is a going concern.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office as external auditors.

Exemption from Preparation of Group Accounts

Pursuant to section 401 of the Companies Act, 2006, CSAMH is exempt from preparing and delivering group financial statements as the company is a wholly-owned indirect subsidiary of CSG, incorporated in Switzerland, which prepares consolidated financial statements.

Subsequent Events

Subsequent events following the year ended 31 December 2021 are set out in Note 18 - Subsequent events.

On behalf of the Board

Tracy Cherrington
Director

One Cabot Square
London E14 4QJ
14 April 2022

Report on the audit of the financial statements

Opinion

In our opinion, Credit Suisse Asset Management (UK) Holding Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2021; the income statement, statement of changes in equity and statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board meeting minutes to identify any significant or unusual transactions or other matters that could require further investigation;

- Challenging assumptions and judgements made by management in determining significant accounting estimates, in particular those related to the recoverable amount of investments in subsidiaries; and
- Identifying and testing journal entries, including those posted with particular descriptions, relating to particular dates or with other unusual characteristics.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of noncompliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Nick Morrison

Nick Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 April 2022

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Interest income	4	—	21
- of which relates to financial instruments held at amortised cost		—	21
Interest expense	4	—	(4)
- of which relates to financial instruments held at amortised cost		—	(4)
Net interest income		**—**	**17**
Management advisory, performance and other service fees	5	—	1,159
Allowance for credit losses		—	2
Net revenue		**—**	**1,178**
Operating expenses	6	(37)	(3,149)
Loss on equity method investment		—	(39)
Net foreign exchange gain		21	23
Loss before tax		**(16)**	**(1,987)**
Income tax benefit	7	356	442
Profit/(loss) after tax		**340**	**(1,545)**
Profit/(loss) attributable to equity holders of the Company		**340**	**(1,545)**

There were no items of other comprehensive income during the year (2020: nil).

The notes on pages 15 to 34 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Assets			
Cash and due from banks		30,921	29,653
Current tax assets		252	30
Amounts owed by CS group companies	8	215	1,298
Other receivables		3	5
Deferred tax assets	7	1,441	1,435
Investment in subsidiary	9	131,919	131,919
Total assets		**164,751**	**164,340**
Liabilities			
Amounts owed to CS group companies		1,817	601
Other liabilities	10	3,179	4,987
Short-term borrowings	11	717	54
Total liabilities		**5,713**	**5,642**
Total equity			
Called-up share capital	12	144,199	144,199
Share premium account		23,198	23,198
Capital reserve		114,617	114,617
Accumulated losses		(122,976)	(123,316)
Total shareholders' equity		**159,038**	**158,698**
Total liabilities and shareholders' equity		**164,751**	**164,340**

The notes on pages 15 to 34 form an integral part of these Financial Statements.

Approved by the Board on 14 April 2022 and signed on its behalf by

Tracy Cherrington
(Director)

COMPANY REGISTRATION NUMBER: 03045295

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called-up share capital	Share premium	Capital reserve	Accumulated losses	Total shareholders' equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2021	**144,199**	**23,198**	**114,617**	**(123,316)**	**158,698**
Net profit for the year	—	—	—	340	**340**
Balance as at 31 December 2021	**144,199**	**23,198**	**114,617**	**(122,976)**	**159,038**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called-up share capital	Share premium	Capital reserve	Accumulated losses	Total shareholders' equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2020	**144,199**	**23,198**	**114,617**	**(121,771)**	**160,243**
Net loss for the year	—	—	—	(1,545)	**(1,545)**
Balance as at 31 December 2020	**144,199**	**23,198**	**114,617**	**(123,316)**	**158,698**

The notes on pages 16 to 34 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		£000	£000
Cash flows from operating activities			
Loss before tax for the year		(16)	(1,987)
Adjustments to reconcile loss before tax to net cash used in operating activities			
Non-cash items included in loss before tax:			
Allowance for credit losses		—	(2)
Unrealised loss on equity method investment		—	40
Net foreign exchange (gain)/loss		(14)	73
Cash used in before changes in operating assets and liabilities		**(30)**	**(1,876)**
Amount owed by CS group companies	8	1,084	1,127
Other receivables		2	(5)
Net increase in operating assets		**1,086**	**1,122**
Amount owed to CS group companies		1,216	(363)
Other liabilities	10	(1,809)	3,443
Net (decrease)/increase in operating liabilities		**(593)**	**3,080**
Payment of withholding tax		—	(8)
Group relief received		128	443
Net cash generated from operating activities		**591**	**2,761**
Cash flows from investing activities			
Equity method investment		—	278
Net cash generated from investing activities		**—**	**278**
Cash flows from financing activities			
Issuance of short-term borrowings	11	663	4
Net cash generated from financing activities		**663**	**4**
Net increase in cash and cash equivalents		**1,254**	**3,043**
Cash and cash equivalents at the beginning of the year		29,653	26,700
Effect of exchange rate fluctuations on cash and cash equivalents held		14	(90)
Cash and cash equivalents at the end of the year		**30,921**	**29,653**

The notes on pages 16 to 34 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General

The Company is a company incorporated and domiciled in the United Kingdom. The address of the Company's registered office is One Cabot Square, London E14 4QJ. The Financial Statements were authorised for issue by the directors on 14 April 2022.

2. Significant accounting policies

a) Statement of Compliance

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Pursuant to section 401 of the Companies Act 2006, the Company is exempt from preparing and delivering group financial statements as the Company is a wholly-owned indirect subsidiary of CSG, incorporated in Switzerland, which prepares Consolidated Financial Statements.

b) Basis of Preparation

The Company's financial statements are presented in Great British Pounds ('£' or 'GBP') rounded to the nearest thousand. They are prepared on the historical cost basis. The accounting policies set out below have, unless otherwise stated, been consistently applied to all the periods presented in these Financial Statements.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 3 – Critical accounting estimates and judgements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

Certain reclassifications have been made to the prior year financial statements of the Company to conform to the current year's presentation and none had any impact on net profit/(loss) or total equity of the Company. These reclassifications are not material.

Going Concern

CSAG continues to provide confirmation that it will provide sufficient funding to CSAMH to ensure that it maintains a sound financial situation and is in a position to meet its debt obligations for the next 18 months. Consequently, the directors are confident that CSAMH will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Board is satisfied that the Company has adequate resources to continue in operation for at least the next 12 months, and it, therefore, continues to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Standards and Interpretations Effective in the Current year

The Company has adopted the following amendments in the current year:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2: In August 2020, IASB Issued 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16: Interest Rate Benchmark Reform- Phase 2' in order to address financial reporting issues arising from the replacement of interbank offered rates. The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The Company adopted the Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 on 1 January 2021. The adoption had no material impact to the Company's financial position, results of operation or cash flows.

c) Interest Income and Expense

Interest income and expense is recognised for all financial assets and liabilities measured at amortised cost using the effective interest method.

d) Revenue

The Company has an inter-company cost recharge and fee sharing arrangement which covers all direct and indirect costs incurred in the connection with the rendering of services as well as a profit sharing fee related to the QT Fund's UK business. The QT Fund may generate performance fees which crystallizes at year-end, a portion of which is shared with the Company.

e) Foreign Currency

The Company's functional currency is GBP. Transactions denominated in currencies other than GBP are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates.

f) Operating Expenses

Administrative expenses include amounts recharged from other CSG subsidiary undertakings on a basis which appropriately reflects the costs applicable to the Company.

g) Income Tax and Deferred tax

Income tax recognised in the Statement of Comprehensive Income for the year comprises current and deferred taxes.

Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Statement of Comprehensive Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date. Withholding taxes are also treated as income taxes.

For UK corporation tax purposes the Company may surrender or claim certain losses from another UK group company. The surrendering company will be compensated in full for the value of the tax losses surrendered to the claimant company. The surrendering entity will show a benefit received for the losses surrendered which will be recorded as a reduction to current tax expense and taxes payable whereas the claimant entity will have an increase in current tax expense and taxes payable respectively.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences arise from deferred compensation. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities in the Statement of Financial Position, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. A deferred tax liability is recognised on taxable temporary differences arising on un-remitted earnings of subsidiary except to the extent that it is probable that such temporary differences will not reverse in the foreseeable future.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 7 - Taxation.

h) Cash and Due from Banks

For the purpose of preparation and presentation of the Statement of Cash Flows, cash and cash equivalents comprise the components of cash and due from banks that are short term, highly liquid instruments with original maturities of three months or less which are subject to an insignificant risk of changes in their fair value and that are held or utilised for the purpose of cash management.

Cash and cash equivalents are measured at amortised cost and are subject to impairment.

i) Other Receivables

Other receivables are initially recorded at fair value, plus any directly attributable transaction costs and subsequently are amortised on an effective interest method, less impairment losses.

j) Financial Assets and Liabilities

Financial assets are classified on the basis of two criteria: 1) the business model of why the financial assets are held and how they are managed and 2) the contractual cash flow characteristics of the financial asset. These factors determine whether the financial assets are measured at Amortised Cost, Fair Value through Other Comprehensive Income ('FVOCI') or Fair Value Through Profit & Loss ('FVTPL').

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations.

Financial liabilities include intra-group borrowings and payables. Intra-group borrowings, demand deposits and payables are recognised initially at fair value net of transaction costs. These liabilities are subsequently stated at amortised cost using the effective interest rate method. Financial liabilities are classified as current unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

k) Impairment of Financial Assets

The impairment requirements apply primarily to financial assets measured at amortised cost and fair value through other comprehensive income. The impairment requirements are based on a forward-looking expected credit loss ('ECL') model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. This requires considerable judgement over how changes in economic factors affect ECLs, which is determined on a probability-weighted.

Impairment on receivables

Receivables are initially recorded at fair value, plus any directly attributable transaction costs and subsequently are amortised on an effective interest method, less impairment losses. In the event of an impairment loss the effective interest will be re-estimated. When calculating the effective interest, the Company estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not future credit losses.

Information as to the calculation of ECL and maximum exposure to Credit Risk by credit rating is included in Note 17 - Financial risk management.

l) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date. The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. Fair value can be based on: quoted market prices (unadjusted); observable inputs other than quoted prices; or unobservable inputs. The inputs that are used to calculate the fair value, determine which level of the fair value hierarchy the instrument is categorised in.

m) Investment in Subsidiary

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the financial statements for the Company, investments in subsidiaries are recorded at cost and are assessed for impairment on an annual basis. Any charges relating to the impairment of investments in subsidiaries are recognised in the Statement of Comprehensive Income in the period in which the impairment occurs. When investments are disposed, the profit or loss resulting from the disposal is recognised in the statement of comprehensive income. Pre-acquisition dividends received from subsidiary undertakings are treated as a reduction in the value of the subsidiary.

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

n) Dividends

Dividends on ordinary shares would be recognised as a liability and deducted from equity when they are declared.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Critical accounting estimates and judgements

Management is required to make certain accounting estimates to ascertain the value of assets and liabilities in order to prepare the financial statements in accordance with IFRS. These estimates are based upon judgement and the information available at the time. Actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the financial statements are reasonable and consistently applied.

Management believes that the critical accounting estimates discussed below involve the most significant judgements and assessments. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements.

Income Taxes

Deferred Tax Valuation

Deferred tax assets and liabilities are recognised to reflect the estimated amounts of income tax recoverable/ payable in future periods in respect of temporary differences. A deferred tax asset is recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised. Any benefit received is compensated in full via payment for group relief.

Key Judgements

Periodically, the Company's management evaluates the probability that taxable profits will be available against which the deductible temporary differences and unused carry forward tax losses can be utilised. Within this evaluation process, the Company's management also considers tax-planning strategies. The evaluation process requires significant management judgement, primarily with respect to projecting future taxable profits.

For further information please refer to Note 7. Taxation.

4. Interest income and interest expenses

Interest income is earned on cash and cash equivalents held with other CS group companies. Interest expense relates to negative interest on deposits with other CS group companies

5. Management advisory, performance and other service fees

In 2020, the management advisory, performance and other service fees comprised of a fee sharing arrangement with Credit Suisse Asset Management LLC, whereby the Company recovered all costs associated with the QT UK business, no such transactions in 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Operating expenses

The following table sets forth the details of compensation:

	2021	2020
	£000	£000
Salaries and bonuses	(646)	(1,471)
Social security	68	(773)
Pension	—	(83)
Other*	37	(129)
Total Compensation	**(541)**	**(2,456)**

* Other includes personnel cost of £16k and reversal of restructuring cost to the extent of £53k (2020: included personnel cost of £76k and restructuring cost of £53k).

The following table sets forth the details of other (expenses)/income:

	2021	2020
	£000	£000
Occupancy[1]	(161)	(226)
Professional services[2]	(345)	(1,630)
Expenses reimbursed to other CS group companies	(94)	(151)
Expenses reimbursed by the Company's subsidiary	1,100	1,629
Others[3]	4	(315)
Net other expenses	**504**	**(693)**
Total operating expenses	**(37)**	**(3,149)**

1 Represents an allocation of charges from fellow CS group companies.
2 Professional services include statutory audit fees of PricewaterhouseCoopers LLC amounting to £38k (2020: £35k) and fees for non-audit services of nil (2020: nil).
3 Others primarily include Bank levy expenses reversal (2020: primarily include UK Bank Levy of £87k and VAT expenses £26k). Comparative figures have been reclassified to conform to the current year's presentation.

The Company charges certain costs to its subsidiary, including deferred compensation expenses, in respect of a range of administrative services.

The directors did not receive any remuneration from the company in the current or prior years and no contributions were made by the company under defined benefit or defined contribution pension schemes. The directors are employed by other group undertakings and their remuneration is borne by those companies and not re-charged. The directors do not consider that more than a trivial amount of their remuneration relates to the qualifying services provided to the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Taxation

a) Income Tax Benefit/(Expense)

	2021	2020
	£000	£000
Current tax		
Current tax benefit/(expense) for the year	347	(107)
Adjustments in respect of previous periods	3	5
Total current tax benefit/(expense)	**350**	**(102)**
Deferred tax		
(Debit)/ credit to Statement of Income for the year	(446)	439
Adjustments in respect of previous periods	(1)	(5)
Effect of changes in tax rates	453	110
Total deferred tax benefit	**6**	**544**
Income tax benefit	**356**	**442**

During 2021, the UK government enacted legislation to increase the UK corporation tax rate from 19% to 25% with effect from 1 April 2023.

The income tax benefit for the year can be reconciled to the loss per the statement of income as follows:

	2021	2020
	£000	£000
Loss before tax	(16)	(1,987)
Loss before tax multiplied by the UK statutory rate of corporation tax at the rate of 19% (2020: 19%)	3	377
Other permanent differences	5	(33)
Adjustments to current tax in respect of previous periods	3	5
Adjustments to deferred tax in respect of previous periods	(1)	(5)
Irrecoverable foreign taxes	—	(7)
Effect on deferred tax resulting from changes to tax rates	453	110
Differential in movement in deferred taxes to the statutory tax rate	(107)	(5)
Income tax benefit	**356**	**442**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

b) Deferred Taxes

Deferred tax assets are recognised on deductible temporary differences only to the extent that realisation of the related tax benefit is probable.

The movement for the year on the deferred tax position was as follows:

	2021	2020
	£000	£000
Opening Balance	1,435	891
(Debit)/credit to income for the year	(446)	439
Adjustments in respect of previous periods	(1)	(5)
Effect of change in tax rate	453	110
At the end of the year	**1,441**	**1,435**

Deferred tax assets are attributable to the following items:

	2021	2020
	£000	£000
Deferred tax assets		
Decelerated tax depreciation	752	675
Employee benefits	689	760
At the end of year	**1,441**	**1,435**

The deferred tax benefit in the statement of income are comprised of the following temporary differences:

	2021	2020
	£000	£000
Decelerated tax depreciation	(77)	62
Employee benefits	71	(606)
Total deferred tax benefit in the statement of income	**(6)**	**(544)**

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 25% (2020: 19%).

8. Amounts owed by CS group companies

	2021	2020
	£000	£000
Amount owed by CS group companies	215	1,298
Net Amount	**215**	**1,298**

The amount owed by CS group companies can be paid on demand, however, in practice they are settled periodically.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Investment in subsidiary

The Company has the following investment in a subsidiary as at 31 December 2021.

Direct subsidiary:	Nature of Business	Status
Credit Suisse Asset Management Limited	Management of a range of asset classes and investment vehicles	Going concern

Impairment of Investment in Subsidiaries

There were no indicators of impairment identified during the year ending 31 December 2021 (2020: Nil) and therefore no impairment of the investment in the subsidiary was deemed necessary.

	2021	**2020**
	£000	£000
Carrying value at 1 January	131,919	131,919
Carrying value as at 31 December	**131,919**	**131,919**

10. Other liabilities

	2021	**2020**
	£000	£000
Deferred compensation	2,755	4,087
Bonus and social security on bonus	—	43
Accrued operating expenses	424	804
Restructuring liability	—	53
Total other liabilities**	**3,179**	**4,987**

**Total other liabilities includes £2,565k (2020: £3,454k) which are non-current in nature. These include non-financial liabilities aggregating £2,210k (2020: £3,020k).

11. Short-term borrowings

Short-term borrowings of £717k (2020: £54k) are held with CS group companies.

12. Called-up share capital

	2021		**2020**	
	No of Shares	**£000**	**No of Shares**	**£000**
Authorised:				
Ordinary shares of £1 each	150,000,000	150,000	150,000,000	150,000
Called up, allotted, fully paid:				
Ordinary shares of £1 each	144,198,587	144,199	144,198,587	144,199

The Company's wholly-owned subsidiary, CSAML, is authorised and regulated by the FCA and as a consequence the Company heads up a UK regulatory consolidation group. Although the Company is not regulated in its own right, it must have regard to the regulatory capital requirements of both its regulatory consolidation group and that of CSAML.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. Related party transactions

The Company is an indirectly wholly-owned subsidiary of the ultimate parent company, controlling entity, Credit Suisse Group AG, which is incorporated in Switzerland. Copies of group financial statements of Credit Suisse AG and Credit Suisse Group AG, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from Credit Suisse Group AG, Paradeplatz 8, 8070 Zurich, Switzerland.

The following table sets forth the details of related party balances and transactions:

a) Related Party Assets and Liabilities

	2021	2020
	£000	£000
Assets		
Cash and due from banks[1]	30,921	29,653
Investment in subsidiary	131,919	131,919
Amounts owed by CS group companies[2]	215	1,298
Total assets	**163,055**	**162,870**
Liabilities		
Short-term borrowings[3]	717	54
Amounts owed to CS group companies	1,817	601
Total liabilities	**2,534**	**655**

[1]Cash and due from banks are held with Credit Suisse AG.
[2]There were no provision for expected credit losses on Amounts owed by CS group companies of £215k (2020: £1,298k).
[3]Short-term borrowings are held by Credit Suisse AG.

b) Related Party Revenues and Expenses

	2021	2020
	£000	£000
Net interest income	–	17
Management advisory, performance and other service fees	–	1,159
Total operating revenues	**–**	**1,176**
Operating expenses	396	1,893
Cost allocation to subsidiary	(1,100)	(1,629)
Total operating expenses	**(704)**	**264**

14. Employee Share-based Compensation and Other Compensation Benefits

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is solely at the discretion of the Compensation Committee and senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees for forfeited awards from previous employers upon joining the Company. It is the Company's policy not to make multi-year guarantees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Compensation expense for share-based and other awards that were granted as deferred compensation is recognised in accordance with the specific terms and conditions of each respective award and is primarily recognised over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees and certain other terms. All deferred compensation plans are subject to restricted covenants, which generally include non-compete and non-solicit provisions. Compensation expense for share-based and other awards that were granted as deferred compensation also includes the current estimated outcome of applicable performance criteria, estimated future forfeitures and mark-to-market adjustments for certain awards that are still outstanding.

Total compensation (income)/expense for cash-settled share-based compensation plans recognised during 2021 and 2020 were (£593,254) and £2,452,360 respectively. The total stock award liability recorded as at 31 December 2021 was £1,589,094 (2020: £2,576,067). The fair value used to calculate the stock award liability was the closing CSG share price as at 31 December 2021 CHF 8.872 (2020: CHF 11.40). The average weighted fair value of awards granted in 2021 was nil (2020: CHF 9.82). The intrinsic value of vested share-based awards outstanding as at year end was £660,169 (2020: £1,344,166).

The recognition of compensation expense for the deferred compensation awards granted in February 2022 began in 2022 and thus had no impact on the 2021 financial statements.

Share awards

Share awards granted in February 2022 are similar to those granted in February 2021. Each share award granted entitles the holder of the award to receive one CSG share, subject to service conditions. Share awards vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting), with the exception of awards granted to individuals classified as Material Risk Takers ('MRTs'), Risk Manager MRTs or Senior Managers or equivalents under the EU or UK Capital Requirements Directive V related provisions. Share awards granted to MRTs vest over four years with one quarter of the award vesting on each of the four anniversaries of the grant date. Share awards granted to Risk Manager MRTs vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date. Share awards granted to Senior Managers vest over seven years commencing on the third anniversary of the grant date, with one fifth of the award vesting on each of the third to seventh anniversaries of the grant date.

Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the CSG share price at the time of delivery.

The share awards include other awards, such as blocked shares, and special awards, which may be granted to new employees. These awards entitle the holder to receive one CSG share and are generally subject to continued employment with the Company, contain restrictive covenants and cancellation provisions and generally vest between zero and five years.

The number of share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as share awards by the average price of a CSG share over the ten consecutive trading days which ended on 24 February 2022. The fair value of each share award was CHF 8.61, the CSG share price on the grant date.

The majority of share awards granted include the right to receive dividend equivalents on vested shares.
Movements in the number of share awards outstanding were as follows:

	2021	**2020**
	000	000
As at 1 January	142	4
Granted	—	45
Share Transferred in/out	—	95
Delivered	(50)	(2)
As at 31 December	**92**	**142**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Performance share awards ('PSA')

Certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions.

Performance share awards are subject to a downward adjustment in the event of a divisional loss by the division in which the employees worked as at 31 December 2021, or a negative CSG Return on Equity ('ROE'), whichever results in a larger adjustment. For employees in Corporate Functions and the Asset Resolution Unit, the downward adjustment only applies in the event of a negative CSG ROE and is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the Compensation Committee's determination for the year in which the performance shares are granted.

The number of performance share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as performance share awards by the average price of a CSG share over the ten consecutive trading days which ended on 24 February 2022. The fair value of each performance share award was CHF 8.61, the CSG share price on the grant date.

The majority of performance share awards granted include the right to receive dividend equivalents on vested shares.

Movements in the number of PSA outstanding were as follows:

	2021	2020
	000	000
As at 1 January	136	-
Granted	-	78
Share Transferred in/out	-	59
Forfeited	-	(1)
As at 31 December	**136**	**136**

Contingent Capital Awards ('CCA')

CCA were granted in February 2020 and 2019 to managing directors and directors as part of the 2019 and 2018 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by the CS Group in the market. CCA are scheduled to vest on the third anniversary of the grant date, other than those granted to individuals classified as MRTs, Risk Manager MRTs or Senior Managers or equivalents under the EU or UK Capital Requirements Directive V related provisions. CCA granted to MRTs, Risk Manager MRTs and Senior Managers vest on the fourth, fifth and seventh anniversaries of the grant date, respectively. CCA awards will be expensed over the vesting period. CCA generally provide a conditional right to receive semi-annual cash payments of interest equivalents until settled, with rates being dependent upon the vesting period and currency of denomination. CCA granted in 2020 and 2019 that vest four, five or seven years from the date of grant are not eligible for semi-annual cash payments of interest equivalents. CCA granted to certain regulated employees that vest over three years are not eligible for semi-annual cash payments of interest equivalents.

Below are description for interest equivalents on both, USD and CHF denominated CCAs, however not all entities are granted with both type of awards.

- CCA granted in 2020 and 2019 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 4.08% and 4.76% respectively, per annum plus the daily compounded (spread exclusive) USD Secured Overnight Financing Rate ('SOFR');

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

- CCA granted in 2020 and 2019 that are denominated in CHF and vest three years from the date of grant receive interest equivalents at a rate of 3.36% and 3.80% respectively, per annum plus the daily compounded (spread exclusive) Swiss franc Swiss Average Rate Overnight ('SARON'); and
- The semi-annual interest equivalent cash payment calculation cycle up to February 2021, was based on the six-month USD London Interbank Offered Rate ('LIBOR') for CCA denominated in USD and the six-month Swiss franc LIBOR for CCA denominated in Swiss francs.

The rates were set in line with market conditions at the time of grant and existing high-trigger and low-trigger contingent capital instruments that CSG has issued.

As CCA qualify as going concern loss-absorbing capital of CSG, the timing and form of distribution upon settlement is subject to approval by FINMA. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The fair value will be determined by CSG. In the case of a cash settlement, the CCA award will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited if any of the following trigger events were to occur:

- CSG's reported common equity tier 1 ('CET1') ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that CSG requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

Total compensation (income)/expense recognised for CCAs during the year ended 31 December 2021 was £(0.001m) (2020: £0.4m).

Notional Hedge Fund Awards

Certain employees received a portion of their 2019 deferred variable compensation in the form of Notional Hedge Fund ('HFN') awards. These awards essentially provide employees with compensation that will be determined by reference to the returns on an investment in one or more Credit Suisse sponsored hedge funds. Each award vests over three years, such that the awards vest equally on each of the three anniversaries of the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Total compensation expense recognised for the HFN during the year ended 31 December 2021 was nil (2020: £0.6m).

15. Employees

The monthly average number of persons employed during the year was nil (2020: 6).

16. Financial Instruments

The disclosure of the Company's financial instruments below includes the following sections:
- Analysis of financial instruments by categories; and
- Fair value of financial instruments not carried at fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

a) Analysis of Financial Instruments by Categories

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table sets out the carrying amounts and fair values of the Company's financial assets and liabilities by categories.

As at 31 December 2021 £000	**Designated at FVTPL**	**Amortised cost**	**Total carrying amount**	**Fair Value**
Financial Assets				
Cash and due from banks	—	30,921	30,921	30,921
Other receivables	—	3	3	3
Amount owed by CS group companies	—	215	215	215
Total financial assets	**—**	**31,139**	**31,139**	**31,139**
Financial Liabilities				
Other liabilities	—	424	424	424
Short-term borrowings	—	717	717	717
Amount owed to CS group companies	—	1,817	1,817	1,817
Total financial liabilities	**—**	**2,958**	**2,958**	**2,958**

As at 31 December 2020 £000	**Designated at FVTPL**	**Amortised cost**	**Total carrying amount**	**Fair Value**
Financial Assets				
Cash and due from banks	—	29,653	29,653	29,653
Amount owed by CS group companies	—	1,298	1,298	1,298
Total financial assets	**—**	**30,951**	**30,951**	**30,951**
Financial Liabilities				
Other liabilities	—	703	703	703
Short-term Borrowings	—	54	54	54
Amounts owed to CS group companies	—	601	601	601
Total financial liabilities	**—**	**1,358**	**1,358**	**1,358**

b) Fair Value of Financial Instruments Not Carried at Fair Value

Fair Value Hierarchy

The financial instruments carried at fair value are categorised under the three levels of the fair value hierarchy as follows:

> Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or similar liabilities in markets that are not active, that is, markets in which there are few transactions for the asset and liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) input other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). These inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).
These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

IFRS requires the disclosure of the fair value of financial instruments not carried at fair value in the statements of financial position. IFRS also requires the disclosure of the fair values of these financial instruments within the fair value hierarchy.

The following table presents the carrying value of the financial instruments that are not held at fair value across the three levels of the fair value hierarchy.

As at 31 December 2021

£000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Cash and due from banks	30,921	—	—	30,921
Other receivable	—	3	—	3
Amount owed by CS group companies	—	215	—	215
Total financial assets	**30,921**	**218**	**—**	**31,139**
Financial liabilities				
Other liabilities*	—	424	—	424
Short-term borrowings	—	717	—	717
Amount owed to CS group companies	—	1,817	—	1,817
Total financial liabilities	**—**	**2,958**	**—**	**2,958**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

As at 31 December 2020

£000	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and due from banks	29,653	—	—	29,653
Amounts owed by CS group companies	—	1,298	—	1,298
Total financial assets	**29,653**	**1,298**	**—**	**30,951**
Financial liabilities				
Other liabilities*	—	703	—	703
Short term borrowing	—	54	—	54
Amounts owed to CS group companies	—	601	—	601
Total financial liabilities	**—**	**1,358**	**—**	**1,358**

*Other liabilities includes £355k (2020: £434k) which are non-current in nature.

17. Financial risk management

a) Overview

The Company is part of the CS group and its risks are managed in accordance with the group's policies and procedures.

b) Credit Risk

Overview

Credit risk is the risk that financial obligations due from counterparties are not met. The Company is a holding company and credit risk arises on its receivables from third-parties and other CS group companies. The Company deposits cash only with other CS group companies.

Maximum Exposure to Credit Risk and Credit Quality Analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless indicated otherwise, the amounts in the table represent gross carrying amounts.

Explanations of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 3 - Critical accounting estimates and judgements .

Amounts owed by CS group companies and Other receivable

Credit risk exposures by external rating grades

12-month ECL (Stage 1)	**2021**	**2020**
	£000	£000
A+ to A-	215	1,298
Sum	**215**	**1,298**
Loss allowance	—	—
Carrying amount	**215**	**1,298**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Cash and Cash Equivalents

The Company held cash and cash equivalents of £30,921k (2020: £29,653k). The cash and cash equivalents are held with CS group companies that are rated at A, hence no ECL.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or its financial condition. The following table sets out details of the remaining undiscounted contractual maturities for financial liabilities.

As at 31 December 2021

£000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1and 5 years	Due after 5 years	Total
Amounts owed to CS group companies	—	1,817	—	—	—	1,817
Other liabilities at amortised cost	—	26	43	239	116	424
Short-term borrowings	—	667	50	—	—	717
Total financial liabilities	**—**	**2,510**	**93**	**239**	**116**	**2,958**

As at December 2020

£000	On demand	Due within 3 months	Due between 3 and 12 months	Due between 1and 5 years	Due after 5 years	Total
Amounts owed to CS group companies	—	601	—	—	—	601
Other liabilities at amortised cost	38	76	155	211	223	703
Short-term borrowings	—	54	—	—	—	54
Total financial liabilities	**38**	**731**	**155**	**211**	**223**	**1,358**

(d) Market Risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, and other relevant market parameters, such as market volatilities. The Company does not trade on its own behalf and does not take proprietary market risk positions.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company may enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than GBP.

As at 31 December 2021, the Company had CHF 4k net assets (2020: CHF 6k net assets), EUR (55)k net liabilities (2020: EUR (5)k net liabilities), USD (533)k net liabilities (2020: USD (908)k net liabilities) foreign currency exposure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The sensitivity analysis, which is for illustrative purposes only, is prepared based on financial instruments that are recognised at the reporting dates. The sensitivity assumes changes in certain market conditions. These assumptions may differ materially from the actual results due to the inherent uncertainties in global financial markets. In practice, market risks rarely change in isolation and are likely to be interdependent. The methods and assumptions used are the same for both reporting years.

A change of 25% in the foreign exchange rates at the reporting date would have increased/(decreased), equity and profit or loss by the following:

2021

	CHF +25% £000	CHF -25% £000	EUR +25% £000	EUR -25% £000	USD +25% £000	USD -25% £000
Change in equity and profit or loss with foreign currency fluctuation	1	(1)	(12)	12	(99)	99
Total	**1**	**(1)**	**(12)**	**12**	**(99)**	**99**

2020

	CHF +25% £000	CHF -25% £000	EUR +25% £000	EUR -25% £000	USD +25% £000	USD -25% £000
Change in equity and profit or loss with foreign currency fluctuation	(1)	1	1	(1)	166	(166)
Total	**(1)**	**1**	**1**	**(1)**	**166**	**(166)**

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk based on the variable interest earned/charged on the bank balances. The maximum exposure of this balance is £30,921k (2020: £29,653k). The Company manages the interest rate risk monthly, by financing overdrafts with short-term borrowings through Treasury team.

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased), equity and income or loss by £125k/(£125k) (2020: £120k/(£120k)).

This calculation assumed that the change occurred at the reporting date and had been applied to risk exposures existing at that date and is stated net of income tax assuming the current corporation tax rate of 19% (2020: 19%).

Replacement of Interbank Offered Rates ('IBOR')

A major milestone of the (L)IBOR transition has been passed at the end of 2021. From 1 January, 2022 most non-USD (CHF, EUR, GBP and JPY) and select USD LIBOR (1-week and 2-month) settings have ceased publication. These rates have been in use for decades and the cessation impacted millions of transactions and thousands of market participants. Certain (the 1-, 3- and 6-month) GBP and JPY LIBOR settings remain published on a synthetic, temporary and non-representative basis, primarily to facilitate the transition of any residual legacy contract that the parties were unable to address in time. However, synthetic LIBORs are not available for reference in new trading activity and as publication is temporary, remediation efforts need to continue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Successfully executing our CS group transition strategy, the CSAMH legacy non-USD LIBOR portfolio has been remediated, either by active transition to Alternative Reference Rates ('ARRs'), or by adding robust fallback provisions that govern the transition to ARRs upon the cessation of LIBORs. By the end of the year the CHF, JPY, GBP and EUR (LIBOR) cash markets have successfully transitioned to SARON, TONAR, SONIA and ESTR. As at 31 December 2021, the IBOR transition in CSAMH was 100% complete.

CSAMH adopted the Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 on 1 January 2021.

The transition to alternative benchmark rates did not have any material impact on the entity's financial position.

18. Subsequent events

Russia's invasion of Ukraine
In late February 2022, the Russian government launched a military attack on Ukraine. In response to Russia's military attack, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system and on Russian government officials and Russian business leaders. CSAMH is assessing the impact of the sanctions already imposed, and potential future escalations, on its exposures and client relationships. CSAMH has no credit or country risk exposure to Russia. CSAMH does not expect that these recent developments will have a material impact on its financial performance, but with the developing nature of the crisis CSAMH continues to monitor the situation closely.

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