

**CHELVERTON ASSET MANAGEMENT LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

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## **CHELVERTON ASSET MANAGEMENT LIMITED**

### **COMPANY INFORMATION**

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<b>DIRECTORS</b>	D Horner V Langford D Taylor T Saunders (appointed 22 December 2021)
<b>COMPANY SECRETARY</b>	V Langford
<b>REGISTERED NUMBER</b>	03429348
<b>REGISTERED OFFICE</b>	11 Laura Place Bath BA2 4BL
<b>INDEPENDENT AUDITORS</b>	Bishop Fleming Bath Limited Chartered Accountants & Statutory Auditors 10 Temple Back Redcliffe Bristol BS1 6FL

# **CHELVERTON ASSET MANAGEMENT LIMITED**

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# CHELVERTON ASSET MANAGEMENT LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

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### OVERVIEW

The principal activity of the Company during the year was that of an investment fund manager.

Given the straightforward nature of the business, the Directors are of the opinion that analysis using income and profit is not necessary for an understanding of the development, performance and position of the business.

### BUSINESS REVIEW

The Directors consider that given the development of the Company the results are satisfactory.

The Company's activities are regulated by the Financial Conduct Authority.

Details of the Company's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") are available from the registered office.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the business arise from the perception of risk associated with the products which the Company manages on behalf of investment funds.

This report was approved by the Board and signed on its behalf.



**V Langford**  
Director

Date: 15/7/2022

## **CHELVERTON ASSET MANAGEMENT LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

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The Directors present their report and the Financial Statements for the year ended 31 March 2022.

#### **RESULTS**

The profit for the year, after taxation, amounted to £6,388,101 (2021: £3,113,557).

Dividends were paid during the year totalling £2,300,000 (2021: £3,540,000).

#### **DIRECTORS**

The Directors who served during the year were:

D Horner  
V Langford  
D Taylor  
T Saunders (appointed 22 December 2021)

#### **FUTURE DEVELOPMENTS**

The Directors consider that the Company will continue to trade in a similar manner for the foreseeable future.

#### **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 that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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's auditors are aware of that information.

#### **POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

#### **MATTERS COVERED IN THE STRATEGIC REPORT**

The Company has included mandatory Directors' Report disclosures within the Strategic Report as they are considered by the Directors to be of strategic importance, as permitted by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

#### **AUDITORS**

The auditors, Bishop Fleming Bath Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**CHELVERTON ASSET MANAGEMENT LIMITED**

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

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This report was approved by the Board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'V Langford', with a stylized flourish at the end.

**V Langford**  
Director

Date: 15/7/2022

11 Laura Place  
Bath  
BA2 4BL

## **CHELVERTON ASSET MANAGEMENT LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022**

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with 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 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 for the Company's Financial Statements and then apply them consistently;
- make judgments 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 Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements and other information included in the Directors' Report may differ from legislation in other jurisdictions.

## **CHELVERTON ASSET MANAGEMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELVERTON ASSET MANAGEMENT LIMITED**

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#### **OPINION**

We have audited the Financial Statements of Chelverton Asset Management Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity 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 Company's affairs as at 31 March 2022 and of its 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 Company 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 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.

#### **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.



## **CHELVERTON ASSET MANAGEMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELVERTON ASSET MANAGEMENT LIMITED (CONTINUED)**

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#### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

We have nothing to report in respect of the following matters 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELVERTON ASSET MANAGEMENT LIMITED (CONTINUED)**

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**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:

- We have considered the nature of the industry and sector, control environment and business performance;
- We have considered the results of enquiries with management, the Directors, and representatives from the Company in relation to their own identification and assessment of the risks of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty, such as compliance with the Financial Conduct Authority. These included data protection legislation, health and safety regulations, and employment law.

As a result of the inherent limitations of an audit, there is a risk that not all irregularities, including a material misstatement in the Financial Statements or non-compliance with regulation, will be detected by us. This risk increases the further removed compliance with a law and regulation is from the events and transactions reflected in the Financial Statements, given we will be less likely to be aware of it, or should the irregularity occur as a result of fraud rather than a one off error, as this may involve intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**CHELVERTON ASSET MANAGEMENT LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHELVERTON ASSET MANAGEMENT LIMITED (CONTINUED)**

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**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.



Andrew Sandiford BCom FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming Bath Limited**

Chartered Accountants  
Statutory Auditors

10 Temple Back  
Redcliffe  
Bristol  
BS1 6FL

Date:

12/1/22

**CHELVERTON ASSET MANAGEMENT LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover	4	17,362,534	10,084,566
Cost of sales		(3,290,022)	(1,863,600)
<b>Gross profit</b>		<b>14,072,512</b>	<b>8,220,966</b>
Administrative expenses		(6,397,859)	(4,537,026)
<b>Operating profit</b>	5	<b>7,674,653</b>	<b>3,683,940</b>
Interest receivable and similar income		159,536	150,362
<b>Profit before tax</b>		<b>7,834,189</b>	<b>3,834,302</b>
Tax on profit	8	(1,446,088)	(720,745)
<b>Profit for the financial year</b>		<b>6,388,101</b>	<b>3,113,557</b>

There was no other comprehensive income for 2022 (2021: £NIL).

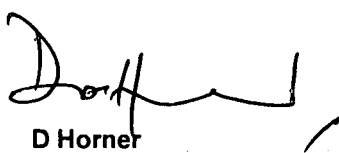
The notes on pages 14 to 26 form part of these Financial Statements.

**CHELVERTON ASSET MANAGEMENT LIMITED**  
**REGISTERED NUMBER:03429348**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	9	180,000	-
Investments	10	-	32,500
		<u>180,000</u>	<u>32,500</u>
<b>Current assets</b>			
Debtors	11	8,417,824	8,695,721
Cash at bank and in hand		7,251,864	1,297,124
		<u>15,669,688</u>	<u>9,992,845</u>
Creditors: amounts falling due within one year	12	(4,682,703)	(3,021,461)
<b>Net current assets</b>		<u>10,986,985</u>	<u>6,971,384</u>
<b>Total assets less current liabilities</b>		<u>11,166,985</u>	<u>7,003,884</u>
<b>Provisions for liabilities</b>			
Other provisions	14	(325,000)	(250,000)
		<u>(325,000)</u>	<u>(250,000)</u>
<b>Net assets</b>		<u><u>10,841,985</u></u>	<u><u>6,753,884</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	86,464	86,464
Share premium account	16	538,935	538,935
Profit and loss account	16	10,216,586	6,128,485
		<u>10,841,985</u>	<u>6,753,884</u>

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

  
**D Horner**  
 Director

Date: 15/7/2022

The notes on pages 14 to 26 form part of these Financial Statements.

**CHELVERTON ASSET MANAGEMENT LIMITED**

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

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and Loss Account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2021	86,464	538,935	6,128,485	6,753,884
Profit for the year	-	-	6,388,101	6,388,101
Dividends: Equity capital	-	-	(2,300,000)	(2,300,000)
<b>At 31 March 2022</b>	<b>86,464</b>	<b>538,935</b>	<b>10,216,586</b>	<b>10,841,985</b>

The notes on pages 14 to 26 form part of these Financial Statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and Loss Account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2020	86,464	538,935	6,554,928	7,180,327
Profit for the year	-	-	3,113,557	3,113,557
Dividends: Equity capital	-	-	(3,540,000)	(3,540,000)
<b>At 31 March 2021</b>	<b>86,464</b>	<b>538,935</b>	<b>6,128,485</b>	<b>6,753,884</b>

The notes on pages 14 to 26 form part of these Financial Statements.

**CHELVERTON ASSET MANAGEMENT LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	6,388,101	3,113,557
<b>Adjustments for:</b>		
Interest received	(159,536)	(150,362)
Taxation charge	1,446,088	720,745
Decrease/(increase) in debtors	399,586	(1,002,785)
Decrease in amounts owed by groups	54,030	138,284
Increase in creditors	1,193,987	1,301,942
Increase in provisions	75,000	-
Corporation tax paid	(1,154,552)	(789,361)
<b>Net cash generated from operating activities</b>	<u>8,242,704</u>	<u>3,332,020</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(180,000)	-
Purchase of unlisted and other investments	-	(325,000)
Sale of unlisted and other investments	32,500	-
Interest received	159,536	150,362
<b>Net cash from investing activities</b>	<u>12,036</u>	<u>(174,638)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(2,300,000)	(3,540,000)
<b>Net cash used in financing activities</b>	<u>(2,300,000)</u>	<u>(3,540,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>5,954,740</u>	<u>(382,618)</u>
Cash and cash equivalents at beginning of year	1,297,124	1,679,742
<b>Cash and cash equivalents at the end of year</b>	<u><u>7,251,864</u></u>	<u><u>1,297,124</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	7,251,864	1,297,124
	<u><u>7,251,864</u></u>	<u><u>1,297,124</u></u>

The notes on pages 14 to 26 form part of these Financial Statements.

**CHELVERTON ASSET MANAGEMENT LIMITED**

**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2022**

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	<b>At 1 April 2021 £</b>	<b>Cash flows £</b>	<b>At 31 March 2022 £</b>
Cash at bank and in hand	<b>1,297,124</b>	<b>5,954,740</b>	<b>7,251,864</b>
	<b><u>1,297,124</u></b>	<b><u>5,954,740</u></b>	<b><u>7,251,864</u></b>

The notes on pages 14 to 26 form part of these Financial Statements.



## **CHELVERTON ASSET MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

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#### **1. COMPANY INFORMATION**

Chelverton Asset Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is 11 Laura Place, Bath, BA2 4BL.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Chelverton Asset Management Holdings Limited as at 31 March 2022 and these financial statements may be obtained from the registered office.

##### **2.3 GOING CONCERN**

At the year end the Company is in a strong financial position with significant net assets and cash resources. The Directors have prepared forecasts which indicate that the Company will continue to trade profitably for the foreseeable future, and therefore they have adopted the going concern basis in preparing these Financial Statements.

##### **2.4 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering 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 Company 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.

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

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**2. ACCOUNTING POLICIES (continued)**

**2.5 TANGIBLE FIXED ASSETS**

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Leasehold improvements	- Straight-line over the term of the lease
Fixtures and fittings	- Straight-line over five years
Computer equipment	- Straight-line over three years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.6 VALUATION OF INVESTMENTS**

Investments held as fixed assets are shown at cost less provision for impairment.

**2.7 DEBTORS**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

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**2. ACCOUNTING POLICIES (continued)**

**2.8 FINANCIAL INSTRUMENTS**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

**2.9 CREDITORS**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.10 OPERATING LEASES: THE COMPANY AS LESSEE**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

**2.11 PENSIONS**

The Company contributes to personal pension plans for certain employees. The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

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

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**2. ACCOUNTING POLICIES (continued)**

**2.12 INTEREST INCOME**

Interest income is recognised in profit or loss using the effective interest method.

**2.13 PROVISIONS FOR LIABILITIES**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**2.14 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

**2.15 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**
**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Preparation of the Financial Statements requires management to make significant judgments and estimates. The items in the Financial Statements where these judgments and estimates have been made include:

**Debtor provision**

The Company recognises a provision against potential bad debts. Management considers the ageing profile and known concerns over recoverability when establishing this provision.

**Provisions**

At each year end the Company reviews the progress of its investment management activity. Where the Company identifies that a particular investment is likely to be aborted, management provides for an estimate of the costs incurred at the year end. This is based on professional fees and other costs incurred on the particular investment.

**Dilapidations provision**

The dilapidations provision is based on the future expected repair costs required to restore the leased buildings to their fair condition at the end of their respective lease terms.

**Impairment of unlisted investments**

The Company assesses the impairment of unlisted investments whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include significant underperformance relative to historical or projected future operating results and significant negative industry or economic trends.

**4. TURNOVER**

All of the turnover arose in the United Kingdom and is attributable to the principal activity of the Company.

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2022 £	2021 £
Fee payable to the Company's auditors in respect of the audit of the Financial Statements	5,000	4,250
Fees payable to the Company's auditor for taxation compliance services	2,000	1,950
Other operating lease rentals	94,425	84,454
Staff pension costs	37,833	21,414
	<u>125,258</u>	<u>99,668</u>

## CHELVERTON ASSET MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

#### 6. EMPLOYEES

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

	2022 £	2021 £
Wages and salaries	4,493,595	3,125,190
Social security costs	637,317	423,602
Cost of defined contribution scheme	37,833	21,414
	<u>5,168,745</u>	<u>3,570,206</u>

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

	2022 No.	2021 No.
Director	4	3
Administration	11	10
	<u>15</u>	<u>13</u>

#### 7. DIRECTORS' REMUNERATION

	2022 £	2021 £
Directors' emoluments	<u>1,093,365</u>	<u>946,924</u>

The highest paid director received remuneration of £600,000 (2021: £550,000).

No Director received contributions to a defined contribution pension scheme in the year (2021: £Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**
**8. TAXATION**

	2022 £	2021 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	1,622,088	711,245
Adjustments in respect of previous periods	-	(950)
	<u>1,622,088</u>	<u>710,295</u>
<b>TOTAL CURRENT TAX</b>	<u>1,622,088</u>	<u>710,295</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(155,000)	9,500
Adjustments in respect of prior periods	(21,000)	950
<b>TOTAL DEFERRED TAX</b>	<u>(176,000)</u>	<u>10,450</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>1,446,088</u>	<u>720,745</u>

**CHELVERTON ASSET MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022****8. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2021: lower 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>7,834,189</u>	<u>3,834,302</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	1,488,496	728,517
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	26,828	340
Fixed asset differences	(261)	-
Non-taxable income	-	(371)
Remeasurement of deferred tax for changes in tax rates	(58,200)	-
Group relief	(10,775)	(7,741)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u><b>1,446,088</b></u>	<u><b>720,745</b></u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

In March 2021 the Chancellor announced that the corporation tax rate from 1 April 2023 would increase to a maximum rate of 25%. Finance Act 2021, including this increase, received Royal Assent on 10 June 2021.



**CHELVERTON ASSET MANAGEMENT LIMITED**

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

**9. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 April 2021	-	16,697	16,456	33,153
Additions	180,000	-	-	180,000
At 31 March 2022	180,000	16,697	16,456	213,153
<b>DEPRECIATION</b>				
At 1 April 2021	-	16,697	16,456	33,153
At 31 March 2022	-	16,697	16,456	33,153
<b>NET BOOK VALUE</b>				
At 31 March 2022	180,000	-	-	180,000
At 31 March 2021	-	-	-	-

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Short leasehold	180,000	-
	180,000	-

**CHELVERTON ASSET MANAGEMENT LIMITED**

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

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**10. FIXED ASSET INVESTMENTS**

	<b>Unlisted investments £</b>
<b>COST OR VALUATION</b>	
At 1 April 2021	<b>100,500</b>
Disposals	<b>(32,500)</b>
	<hr/>
At 31 March 2022	<b>68,000</b>
	<hr/>
<b>IMPAIRMENT</b>	
At 1 April 2021	<b>68,000</b>
	<hr/>
At 31 March 2022	<b>68,000</b>
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 March 2022	<b>-</b>
	<hr/> <hr/>
At 31 March 2021	<b>32,500</b>
	<hr/> <hr/>

**CHELVERTON ASSET MANAGEMENT LIMITED**

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

**11. DEBTORS**

	2022 £	2021 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Other debtors	-	202,500
	<u>-</u>	<u>202,500</u>
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	95,954	500,247
Amounts owed by Group undertakings	3,173,298	3,227,328
Other debtors	3,414,281	3,172,510
Prepayments and accrued income	1,450,576	1,485,421
Tax recoverable	41,215	41,215
Deferred taxation	242,500	66,500
	<u>8,417,824</u>	<u>8,695,721</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022 £	2021 £
Trade creditors	5,403	15,235
Corporation tax	467,255	-
Other taxation and social security	88,306	88,575
Accruals and deferred income	4,121,739	2,917,651
	<u>4,682,703</u>	<u>3,021,461</u>

**13. DEFERRED TAXATION**

	2022 £
At 1 April 2021	66,500
Charged to Profit and Loss Account	176,000
<b>At 31 March 2022</b>	<u><u>242,500</u></u>

**CHELVERTON ASSET MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022****13. DEFERRED TAXATION (CONTINUED)**

The deferred tax asset is made up as follows:

	2022 £	2021 £
Timing differences	242,500	66,500
	<u>242,500</u>	<u>66,500</u>

**14. PROVISIONS**

	Other provisions £	Dilapidations provision £	Total £
At 1 April 2021	250,000	-	250,000
Charged to profit or loss	-	75,000	75,000
<b>AT 31 MARCH 2022</b>	<u>250,000</u>	<u>75,000</u>	<u>325,000</u>

Other provisions at the year end relate to abort fees provided on investments which the Directors deem are unlikely to progress.

The dilapidations provision is based on the future expected repair costs required to restore the leased buildings to their fair condition at the end of their respective lease terms.

**15. SHARE CAPITAL**

	2022 £	2021 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
86,464 (2021: 86,464) Ordinary shares of £1.00 each	<u>86,464</u>	<u>86,464</u>

**16. RESERVES****Share premium account**

The share premium account includes any premium received on the issue of share capital.

**Profit and Loss Account**

The Profit and Loss Account includes all current and prior period retained profit and losses and is available for distribution

## CHELVERTON ASSET MANAGEMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 17. PENSION COMMITMENTS

The Company pays contributions to personal pension plans in respect of certain employees. The costs of the premiums to the Company during the year amounted to £37,883 (2021: £21,414). No premiums were outstanding at the end of the current or prior year.

#### 18. COMMITMENTS UNDER OPERATING LEASES

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

	2022 £	2021 £
Not later than 1 year	99,368	12,095
Later than 1 year and not later than 5 years	388,445	-
Later than 5 years	82,345	-
	<u>570,158</u>	<u>12,095</u>

#### 19. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with wholly owned Group companies. At the year end the Company was owed £3,173,298 (2021: £3,227,328) by fellow Group companies.

During the year service charges of £26,145 (2021: £22,418) were made to a company with common directors, of which £7,843 (2021: £13,451) remained outstanding at the year-end.

Included within other debtors at the year end is a loan of £124,937 (2021: £126,954) due from one of the Directors.

At the year end balances of £2,950,000 (2021: £2,950,000) were due from companies with common directors. Interest accrues on the loan at a rate of 5% per annum and the loan is guaranteed by a Director of the Company. During the year interest of £149,534 (2021: £147,196) was charged on the loan.

#### 20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is owned by Chelverton Asset Management Holdings Limited, a company incorporated and registered in England and Wales. Consolidated Financial Statements are prepared by Chelverton Asset Management Holdings Limited and are available from its registered office.