

# Khepri Fund Management Limited

Annual Report and Financial Statements

For the year ended

30 June 2023

Company Number 03924137



# **Khepri Fund Management Limited**

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### **Company Information**

#### **Directors**

M Booth  
W Roxburgh  
O Gonchar  
J Patterson

#### **Registered office**

95 Chancery Lane London WC2A 1DT

#### **Company number**

03924137

#### **Independent Auditor**

Buzzacott LLP, 130 Wood Street, London, EC2V 6DL

# Khepri Fund Management Limited

## Strategic report for the year ended 30 June 2023

### Principal activity

The principal activity of Khepri Fund Management Limited (the “Company”) is the provision of fund management and investment services. The Company is a Collective Investment Fund Management Firm, which is authorised and regulated as such by the Financial Conduct Authority.

### Review of the business

#### Key Performance Indicators

The Directors consider revenue and net profit to be the key performance indicators. Revenue for the year was £1,779,089 (2022: £2,176,939). Operating profit before taxation was £252,056 (2022: loss of £220,116). Gross revenue decreases have been attributable to a corresponding decrease in costs of sales. Administrative expenses have also reduced and gross profit has increased, which has led to an increase in operating profits.

The results of the Company for the year are set out in the Statement of comprehensive income on page 11.

#### Principal Risks and Uncertainties

During the reporting period, the Company operated within the MJ Hudson Group plc and subsidiaries (the “Group”) risk framework and shared many of the principal risks and uncertainties relevant to the Group. The Company was acquired by Khepri Limited after the reporting period with the transaction exchanging subject to regulatory approval on 9<sup>th</sup> March 2023 and completing on 17<sup>th</sup> July 2023. The new ownership framework has sought to maintain the strategy and risk assessments that were in place under the MJ Hudson Group. As at this date, the Company operates under the following risk framework, which is not materially different to the same framework operated during the reporting period:

Risk area	Description	Mitigation
<b><u>IT and systems</u></b>		
IT Infrastructure Breakdown	An infrastructure failure resulting in business disruption, regulatory breach, reputational damage and/or financial loss.	We regularly test business continuity planning; robust institutional a-grade public cloud-based back-up; audit and monitoring of infrastructure and hardware, SLA with MFUs. The Company maintains a Cyber Essentials certification.
Cyber Risk	A cyber breach resulting in loss of client information, data protection breach and/or theft of intellectual property.	Use of firewalls, policies, and staff training & penetration testing. The Company maintains Cyber Essentials certification.

# Khepri Fund Management Limited

## Strategic report (continued) for the year ended 30 June 2023

### Economy and external factors

Access to Capital	Inability to raise equity or debt financing resulting in inadequate funding to meet business objectives or to fulfil working capital requirements.	Cash buffer raised through equity and debt funding by the parent company; six-monthly budgeting process; cash flow management and credit control process; debt limit controls as well as a regulatory capital requirement.
Client Demand	A drop in demand for services may adversely impact revenues and profits.	The Company's personnel requirements are related to the number of clients utilising the services with most clients on fixed fees with minimum three-month notice periods and 12-month minimum terms.
Regulatory Scrutiny	Increased regulatory scrutiny of the industry may filter down to the Company.	Gross profit margin is sufficient to sustain increased costs driven by regulatory burdens.

The Directors can confirm their adherence to s172 of the Companies Act and give due care to the issues facing stakeholders, stakeholder engagement and how these influence company decisions.

The core stakeholders are customers, suppliers, employees and shareholders. The company's goal is to ensure long-term growth in revenues and profits and as such it is critical to maintain strong relationships with clients for the long term. Therefore, quality of service and fees need to be fair and reasonable. Suppliers need to be treated fairly and paid on time, and profit margins and targets need to be clearly communicated and monitored. The Directors take all these matters into account on an ongoing basis.

Potential issues that could arise would be in relation to poor quality of service or fees that are higher than market rates. We maintain quality by continuous monitoring of the company team as well as regular (at least quarterly) correspondence with clients to initiate feedback. We also benchmark our fees on an ongoing basis against competitors to ensure we are on market. This, of course, also applies to employees and the Company seeks to benchmark salaries with competitors on an annual basis wherever possible to ensure we pay employees fairly. The Company has also put in place a share option plan and performance based bonus structure which is transparent for all employees to encourage loyalty and high quality of work. The transparency of employees' remuneration packages have been specifically designed to ensure all employees are treated fairly. The Company also offers standard benefits packages and flexible working.

The Company also holds regular board meetings which are available to shareholders if requested and the Company's parent (Khepri Limited) holds quarterly board meetings with all shareholders to give an update on the business activities of the group, any issues or concerns and future forecasts.

As a regulated business with long-term objectives for growth, it is important to ensure that all decisions taken are considered with a long-term view in mind. Any decisions taken by the Directors take into account the long-term impact on the business, any possible implication on the quality of service we are able to offer our clients and the ability to maintain high standards of service and governance.

As a regulated entity, the Company is monitored by its parent and its own internal compliance officer who are responsible for ensuring that the regulated business is in compliance with local rules and regulations and that it responds appropriately to requests from the applicable local regulator(s). Local compliance officers comprise the core of the jurisdictional tier of the risk model and have the necessary authority and expertise to perform their role.

The Strategic Report was approved by the Board 12<sup>th</sup> February 2024 and signed on its behalf by:

*Will Roxburgh*

**Will Roxburgh**

Director

Date; 12/02/2024

# Khepri Fund Management Limited

## Director's report for the year ended 30 June 2023

The Directors present their report and financial statements of the Company for the year ended 30 June 2023. The financial statements have been prepared on the basis set out in note 1 to the financial statements. The Company is a private limited company, incorporated in England and Wales.

### Directors

The following directors have held office during the financial year under review:

M Booth  
W Roxburgh  
O Gonchar  
J Patterson (appointed on 1 October 2022)  
M Hilton (appointed on 23 September 2022, resigned 3 July 2023)  
M Hudson (resigned on 22 July 2022)

### Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Directors have considered the Company's operations and principal risks and uncertainties.

As at 30 June 2023 the Company made a profit of £252,056 (2022: loss of £220,117) had net assets of £924,517 (2022: £672,461) and held cash balances of £640,131 (2022: £24,539). The Company remained busy throughout the year and grew its revenues and client base largely from the growth of existing clients launching new funds. The forecast for the two years shows revenue growth and forecasted profits. Profitability is maintained when the forecast is stress tested. As at 17<sup>th</sup> July 2023 the Company had been acquired by Khepri Limited. Khepri Limited, as parent, has given financial support to the Company to ensure that any future trading losses for a period of at least 12 months from the anticipated signing date of these financial statements can be met and to enable the Company to meet its liabilities as they fall due. This support constitutes funds as required to meet the payment of external liabilities as they fall due and continued future funding as necessary to continue as a going concern. It is not envisaged that this support will be required but the Company is heavily reliant on one major client for a considerable portion of its profits.

In assessing the Company's ability to continue as a going concern, the Directors have assessed the net assets and cash position and forecasts up to 30 June 2026 as well as commitment from its new parent company as at the date of signing these accounts. Based on this assessment, the Directors have not identified any events or conditions that might cast significant doubt over the Company's ability to continue as a going concern.

### Financial Risk Management

The Company's approach to managing risks associated with its financial assets is set out below.

#### *Liquidity risk*

The Directors consider that the key financial risk exposures faced by the Company relate to the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs.

The Company's financial risk management objectives are to minimise the key financial risk through having clearly defined terms of business with counterparties. Cash flow and management accounts are monitored constantly to ensure regulatory capital requirements are not breached and that the Company maintains adequate working capital.

#### *Interest rate risk*

The Company has no material exposure to interest rate risk.

#### *Price risk*

The Company has no material exposure to price risk.

# Khepri Fund Management Limited

## Director's report (continued) for the year ended 30 June 2023

### *Credit risk*

As an investment services company, the Directors consider that there is exposure to counterparty credit risk. The Directors therefore attempt to minimise the risk through having clearly defined terms of business with counterparties and stringent credit control over transactions with them. The Company endeavours to deal with companies which are demonstrably creditworthy. In addition, receivables are managed through close monitoring of amounts outstanding.

### **Results and dividends**

The results for the period are set out on page 11.

There were no dividends paid in the year or in the prior year.

### **Post balance sheet events**

#### *Sale of company*

On 9 March 2023, Khepri Limited (the "Purchaser") agreed to purchase from Tower Gate Capital, the outstanding share capital of:

- Khepri Advisers Limited
- Khepri Fund Management Limited
- Khepri Services Limited
- Khepri Fund Administration Limited

(collectively, the "FMS Companies")

The purchase was subject to FCA regulatory approval, which was received on 30<sup>th</sup> June 2023. The transaction completed on 17<sup>th</sup> July 2023.

In connection with the transaction, the Purchaser agreed to provide £1.8 million of working capital to the FMS Companies (the "Facility").

On completion, the inter-company loans between the MJ Hudson Group plc and the FMS Companies were reorganised, as a consequence of which the outstanding loans due between MJ Hudson Group and FMS Companies were extinguished.

#### *Intercompany write off*

Subsequent to the year end, amounts owed from MJ Hudson Group plc of £1,191,885 were written off.

### **Directors' Responsibilities Statement**

The Directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the 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;
- 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.

# Khepri Fund Management Limited

## Director's report (continued) for the year ended 30 June 2023

### Directors' Responsibilities Statement (continued)

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

### Statement of disclosure to auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all steps they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

### Appointment of auditors

The auditors, Buzzacott LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### On behalf of the Board

*Will Roxburgh*

**Will Roxburgh**

Director

Date: 12/02/2024



# Khepri Fund Management Limited

## Independent auditor's report (continued) for the year ended 30 June 2023

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### Independent auditor's report to the members of Khepri Fund Management Limited

#### Opinion

We have audited the financial statements of Khepri Fund Management Limited ('the Company') for the year ended 30 June 2023, which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and notes to the financial statements, including 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 30 June 2023 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 Auditor's 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 Auditor's 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.

# Khepri Fund Management Limited

## Independent auditor's report (continued) for the year ended 30 June 2023

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### Opinions 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, 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.

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

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

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:

#### *How the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

# Khepri Fund Management Limited

## Independent auditor's report (continued) for the year ended 30 June 2023

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### Auditor's responsibilities for the audit of the financial statements (continued)

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of directors and other management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the Company through discussions with directors and other management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company including the Companies Act 2006, Financial Services and Market Act 2000 and taxation legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of directors and other management;
- inspecting legal correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- identified and assessed the design effectiveness of controls management has in place to prevent and detect fraud;
- determined the susceptibility of the Company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated and large variances from the prior year;
- tested the occurrence of revenue by comparing entries from the accounting records to the respective terms of the engagements, and investigating any material variances to expectations; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

# Khepri Fund Management Limited

## Independent auditor's report (continued) for the year ended 30 June 2023

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### Auditor's responsibilities for the audit of the financial statements (continued)

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 Auditor's report.

### 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

.....  
Jonathan West (Senior Statutory Auditor)

For and on behalf of

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date: 12 February 2024

# Khepri Fund Management Limited

## Statement of Comprehensive Income for the year ended 30 June 2023

	Note	2023 £	2022 £
Revenue	4	1,779,089	2,176,939
Cost of sales		(860,364)	(1,431,708)
		-----	-----
Gross profit		918,725	745,231
Administrative expenses		(698,141)	(965,316)
		-----	-----
Operating profit/(loss)		220,584	(220,085)
Interest payable and similar charges		-	(32)
Finance income		31,472	-
		-----	-----
Profit/(loss) on ordinary activities before taxation		252,056	(220,117)
Tax credit on (loss)/profit on ordinary activities	7	-	-
		-----	-----
Profit/(loss) and total comprehensive for the year		252,056	(220,117)
		=====	=====

All transactions derive from continuing operations.

There was no other comprehensive income for 2023 or 2022.

The notes on pages 16 to 24 form part of these financial statements

# Khepri Fund Management Limited

## Statement of Financial Position As at 30 June 2023

	Note	2023 £	2022 £
<b>Non-current assets</b>			
Intangible assets	8	7,181	-
Tangible assets	9	17,741	-
Debtors: amounts falling due more than one year	10	-	864,497
		<u>24,922</u>	<u>864,497</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	1,685,846	695,189
Cash at bank and in hand	12	640,131	24,539
		<u>2,325,977</u>	<u>719,728</u>
<b>Total current assets</b>		<b>2,325,977</b>	<b>719,728</b>
Creditors: amounts falling due within one year	13	(1,426,382)	(835,850)
		<u>899,595</u>	<u>(116,122)</u>
<b>Net current assets/(liabilities)</b>		<b>899,595</b>	<b>(116,122)</b>
Creditors: amounts falling due more than one year	14	-	(75,914)
<b>Net assets</b>		<b>924,517</b>	<b>672,461</b>
<b>Capital and reserves</b>			
Called up share capital	15	6,000	6,000
Profit and loss account		918,517	666,461
		<u>924,517</u>	<u>672,461</u>
<b>Shareholder's funds</b>		<b>924,517</b>	<b>672,461</b>

The financial statements were approved by the Board of Directors and authorised for issue on 12<sup>th</sup> February 2024.

They were signed on its behalf by:

*Will Roxburgh*

**Will Roxburgh**  
Director

The notes on pages 16 to 24 form part of these financial statements.

# Khepri Fund Management Limited

## Statement of Changes in Equity As at 30 June 2023

	Called up share capital £	Profit and loss account £	Shareholder's funds £
Balance at 1 July 2021 (as restated)	6,000	1,071,912	1,077,912
Loss and total comprehensive for the year	-	(220,117)	(220,117)
Fair value adjustment on debtors due in more than one year	-	(185,334)	(185,334)
	-----	-----	-----
Balance at 30 June 2022	6,000	666,461	672,461
Profit and total comprehensive profit for the year	-	252,056	252,056
	-----	-----	-----
Balance at 30 June 2023	<u>6,000</u>	<u>918,517</u>	<u>924,517</u>

The notes on pages 16 to 24 form part of these financial statements.

# Khepri Fund Management Limited

## Statement of Cashflows As at 30 June 2023

	2023 £	2022 £
<b>Cashflow from operating activities</b>		
Profit/(loss) for the year and total comprehensive income for the year	252,056	(220,117)
<b>Adjustments for</b>		
Amortisation and depreciation adjustment	2,714	-
Interest paid	-	32
Non-cash distributions	-	(185,334)
(Increase)/decrease in debtors	201,198	2,644,250
Increase/(decrease) in creditors	40,532	(1,484,595)
Finance income	(31,472)	
	-----	-----
<b>Net cash inflow from operating activities</b>	<b>496,500</b>	<b>754,236</b>
<b>Cash flows from investing activities</b>		
Purchases of intangible assets	(8,073)	
Purchases of tangible assets	(19,563)	-
	-----	-----
<b>Net cash outflow from investing activities</b>	<b>(27,636)</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Net loan funding due to/from group companies	(403,272)	(864,497)
Other loans received	550,000	-
Interest paid	-	(32)
	-----	-----
<b>Net cash outflow from financing activities</b>	<b>146,728</b>	<b>(864,529)</b>
<b>Net increase/(decrease) in cash and cash equivalents for the year</b>	<b>615,592</b>	<b>(110,293)</b>
Cash and cash equivalents at the beginning of the year	24,539	134,832
	-----	-----
<b>Cash and cash equivalents at the end of the year</b>	<b>640,131</b>	<b>24,539</b>

The notes on pages 16 to 24 form part of these financial statements.



# Khepri Fund Management Limited

## Notes forming part of the financial statements for the year ended 30 June 2023

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### 1 Basis of preparation

Khepri Fund Management Limited is a private company domiciled and incorporated in England & Wales under the Companies Act 2006. The address of the registered office and principal place of business is given on the contents page and the nature of the Company's operations, and its principal activities are set out in the Director's report.

The functional and presentation currency used is sterling and amounts have been presented to nearest pound.

The financial statements have been prepared under historical cost convention and in accordance with the Financial Reporting Standard 102 ("FRS 102"). The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (See note 3).

#### 1.1 *Functional and presentation currency*

Items included in the financial information of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in 'pounds sterling', which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within "finance income" or "administrative expenses". All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income or expense'.

#### 1.2 *Going concern*

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Directors have considered the Company's operations and principal risks and uncertainties.

As at 30 June 2023 the Company made a profit of £252,056 (2022: loss of £220,117) had net assets of £924,517 (2022: £672,461) and held cash balances of £640,131 (2022: £24,539). The Company remained busy throughout the year but did not obtain the growth it expected due to slower client onboarding. The forecast for the next two years shows revenue growth and forecasted profits. Profitability is maintained when the forecast is stress tested.

In assessing the Company's ability to continue as a going concern, the Directors have assessed the net assets and cash position and forecasts up to 30 June 2026. Based on this assessment, the Directors have not identified any events or conditions that might cast significant doubt over the Company's ability to continue as a going concern.

# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

### 2 Accounting policies

#### 2.1 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

•Software development: 3 years

Amortisation is included in 'administrative expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

#### 2.2 Tangible assets

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

Depreciation

Computer equipment: 3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

#### 2.3 Revenue recognition

Revenue represents fees earned in respect of fund management services. The majority of contracts are derived from service and subscription contracts and identified by signed engagement letters. Revenue is generally recognised over time based on the satisfaction of performance obligations stipulated in the letters.

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of refunds, discounts and rebates allowed by the Company and value added taxes. There are no incentives given to customers that would have a material effect on the financial statements.

Where service and subscriptions are offered, revenue is the amount receivable for services provided to third parties to the extent that there is a right to consideration and is recorded at the value of the consideration due. The customer receives the benefit of services provided simultaneously with their delivery, as such the revenue is recognised evenly over the period for which services are provided. Revenue earned in excess of amounts billed at the year-end date are brought onto the statement of financial position as contract assets.

#### 2.4 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

#### 2.5 Creditors

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

# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

### 2.6 Financial instruments

Financial Instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

#### (i) Financial assets

Financial assets, which include trade debtors and cash and bank balances, are initially measured at the transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

### 2.7 Taxation

The tax credit/(expense) represents the sum of the tax currently receivable or payable and deferred tax.

#### (i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

### 3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly. There have not been any instances requiring any significant estimates or judgements in the year.

### 4 Revenue

The Company's revenue is entirely generated from its principal activity of providing independent investment and analytical advice to corporate pension schemes, local government pension scheme and charitable organisations. Analysis of revenue-by-revenue stream is set out below:

	2023 £	2022 £
Appointed Representative fees	-	513,713
Asset management fees	1,598,167	1,646,948
Other	180,922	16,278
	-----	-----
	1,779,089	2,176,939
	-----	-----

# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

### Revenue (continued)

Analysis of revenue by geographic market is set out below:

	2023 £	2022 £
UK and Channel Islands	1,467,560	1,881,255
Europe	311,529	293,876
Rest of the world	-	1,808
	-----	-----
	1,779,089	2,176,939
	-----	-----

### 5 Operating profit note

Included within administrative expenses is foreign exchange gain of £28,846 (2022: loss £8,541).

### 6 Auditor's remuneration

	2023 £	2022 £
Fees payable to the Company's auditor and associate:		
<i>For:</i>		
Audit of the Company's financial statements	16,000	16,000
Non-audit-related assurance services	3,500	3,500
Taxation compliance services	3,000	-
	-----	-----
	22,500	19,500
	=====	=====

### 7 Taxation on (loss)/profit on ordinary activities

	2023 £	2022 £
<i>UK corporation tax</i>		
Current tax on (loss)/profit of the year	-	-
Adjustment in respect of previous periods	-	-
	-----	-----
Total current tax (credit)	-	-
	-----	-----
Taxation on (loss)/profit on ordinary activities	-	-
	=====	=====

# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

### Taxation on (loss)/profit on ordinary activities (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2023 £	2022 £
Profit/(loss) on ordinary activities before tax	252,056	(220,117)
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 20.50% (2022: 19%)	51,661	(41,822)
Effects of:		
Prior period adjustments	-	-
Income not deductible for tax purposes	(29,988)	-
Movement in deferred tax not recognised	(21,494)	-
Expenses not deductible for tax purposes	-	14,008
Group relief surrendered/(received)	(179)	27,814
Total tax (credit) for period	-	-

#### Factors that may affect future tax charges

With effect from 1 April 2023 the rate of corporation tax increased, tapering from 19% for businesses with profits of less than £50,000 to 25% for businesses with profit over £250,000.

### 8 Intangible assets

	Software development £	Total £
<b>Cost</b>		
At 1 July 2022	-	-
Additions	8,073	8,073
At 30 June 2023	8,073	8,073
<b>Amortisation</b>		
At 1 July 2022	-	-
Charge during the year	(892)	(892)
At 30 June 2023	(892)	(892)
<b>Net book value at 30 June 2023</b>	<b>7,181</b>	<b>7,181</b>

# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

### 9 Tangible assets

	Computer equipment £	Total £
<b>Cost</b>		
At 1 July 2022	-	-
Additions	19,563	19,563
At 30 June 2023	19,563	19,563
<b>Depreciation</b>		
At 1 July 2022	-	-
Charge during the year	(1,822)	(1,822)
At 30 June 2023	(1,822)	(1,822)
<b>Net book value at 30 June 2023</b>	<b>17,741</b>	<b>17,741</b>

### 10 Debtors: amounts falling due in more than one year

	2023 £	2022 £
Loans due from Group undertakings	-	864,497
	-	864,497

Loans due from group undertakings are not repayable on demand and are unsecured. Those amounts that relate to loans have interest charged at rates below market equivalents and have therefore been discounted to reflect a market rate of interest.

### 11 Debtors: amounts falling due in more than one year

	2023 £	2022 £
Trade debtors	276,631	477,791
Amounts due from Group undertakings	1,356,664	-
Accrued income and prepayments	8,388	161,070
Other debtors	44,163	56,328
	1,685,846	695,189

As disclosed further in Note 24, subsequent to the year end, amounts owed from MJ Hudson Group plc of £1,191,885 were written off.

# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

### 12 Cash and cash equivalents

	2023 £	2022 £
Cash at bank	640,131	24,539
	<u>640,131</u>	<u>24,539</u>

### 13 Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	76,210	495,650
Other creditors and taxes payable	49,687	-
Accruals and deferred income	159,126	135,301
Amounts owed to Group undertakings	591,359	204,899
Other loans owed to related parties	550,000	-
	<u>1,426,382</u>	<u>835,850</u>

Amounts due to Group undertakings are interest-free, repayable on demand and unsecured.

### 14 Creditors: Amounts falling due in more than one year

	2023 £	2022 £
Amounts owed to Group undertakings	-	75,914
	<u>-</u>	<u>75,914</u>

Loans due to group undertakings are not repayable on demand and are unsecured.

### 15 Share capital

	2023 £	2022 £
Ordinary share capital		
Issued and fully paid 6,000 ordinary shares of £1 each	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

Each Ordinary share has full voting, dividend and capital distribution rights (including on winding up).

# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

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### 16 Employees

The Company has no employees other than the directors. During the year, remuneration in respect of directors was £nil (2022: £nil).

### 17 Reserves

The profit and loss account represents accumulated net gains and losses and distributions to equity holders.

### 18 Analysis of net debt

Net debt has increased to £90,131 (2022: £24,539) and includes the loan amounts disclosed within note 21 and shown within Amounts due to related parties, in the Creditors note (note 13), above net of cash of £640,131 (2022: £24,539). Movements in net debt principally comprise the cash flow movement presented in the statement of cash flows. An analysis of changes in net debt has not been presented in the prior year as all of the Company's cash flows relate to movements in cash, and the Company has no items in such an analysis other than cash flows in the Statement of cash flows.

### 19 Contingent liabilities

The Company had no contingent liabilities at 30 June 2023 or 30 June 2022.

### 20 Capital commitments

The Company had no capital commitments at 30 June 2023 or 30 June 2022.

### 21 Related party transactions

The Company has taken advantage of the exemption in Section 33.1A of FRS 102 and has not disclosed transactions with wholly owned members of the group headed by MJ Hudson Group plc.

During the year the company received £550,000 from Khepri Limited, a company with common ownership, as a loan. The loan is unsecured, interest free and £550,000 was outstanding at 30 June 2023.

### 22 Controlling party

During the year, the immediate parent entity was Tower Gate Capital Limited, an entity incorporated in England and Wales, and the direct owner of 100% of the Company's share capital.

The ultimate parent company and controlling party was MJ Hudson Group plc, a company registered in Jersey. At the date of sign off, the immediate parent company is Khepri Limited, a company registered in England and Wales.

### 23 Provisions and contingent liabilities

The Company is subject to unasserted claims which, as of 30 June 2023, have not resulted in the commencement of legal actions. The Company cannot determine the effect of all unasserted claims on its financial position; however, where losses arising from asserted and unasserted claims are considered probable and where such losses can be reasonably estimated, the Company will record a provision. Management and legal counsel have concluded that, while there are claims that have currently been asserted where the likelihood of loss arising is possible, the amount of this loss is not estimable and further disclosure would be prejudicial to the outcome of handling of these claims. As such no provisions have been recognised nor disclosed as of 30 June 2023 (2022: £nil).



# Khepri Fund Management Limited

## Notes forming part of the financial statements (continued) for the year ended 30 June 2023

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### 24 Post balance sheet events

#### *Sale of company*

On 9 March 2023, Khepri Limited (the "Purchaser") agreed to purchase from Tower Gate Capital, the outstanding share capital of:

- Khepri Advisers Limited
- Khepri Fund Management Limited
- Khepri Services Limited
- Khepri Fund Administration Limited

(collectively, the "FMS Companies")

The purchase was subject to FCA regulatory approval, which was received on 30<sup>th</sup> June 2023. The transaction completed on 17<sup>th</sup> July 2023.

In connection with the transaction, the Purchaser agreed to provide £1.8 million of working capital to the FMS Companies (the "Facility").

On completion, the inter-company loans between the MJ Hudson Group plc and the FMS Companies were reorganised, as a consequence of which the outstanding loans due between MJ Hudson Group and FMS Companies were extinguished.

Will Roxburgh and Mike Booth are Directors of Khepri Limited.

#### *Intercompany write off*

Subsequent to the year end, amounts owed from MJ Hudson Group plc of £1,191,885 were written off.