Company registration number: 04470767

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

DG PARTNERS SERVICES LIMITED

DG PARTNERS SERVICES LIMITED

COMPANY INFORMATION

Directors	D M Gorton R C Standing (resigned 20 December 2021)
Registered number	04470767
Registered office	55 Baker Street London W1U 7EU
Independent auditors	BDO LLP London UK
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Travers Smith LLP 10 Snow Hill London EC1A 2AL

DG PARTNERS SERVICES LIMITED

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DG PARTNERS SERVICES LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present the Strategic report of DG Partners Services Limited ("the company") for the year ended 31 December 2021.

Principal activity and review of the business

The principal activity of the company during the year was the provision of support services to DG Partners LLP ("DGP") and BH-DG Systematic Trading LLP ("BH-DG"). During the year, both DGP and BH-DG operated as the manager of a number of private funds and separate managed accounts.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

The directors do not anticipate any change in the nature of the company's principal activity going forward.

Results

The loss for the financial year amounted to £202,172 (2020: profit £306,206) as shown on page 9.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The key business risks and uncertainties affecting the business relate to the performance and assets under management of DGP and BH-DG.

The directors consider that the company has sufficient capital and resources for at least 12 months from the date of these accounts.

The Strategic Report was approved by the board of directors and signed on its behalf by.

D M Gorton
Director

Date: 9 December 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Dividends

The directors do not propose payment of an ordinary dividend (2020: £nil).

Directors

The directors who served during the year were:

D M Gorton
R C Standing (resigned 20 December 2021)

Going concern

We have noted the requirements under the Financial Reporting Standards ("FRS") to assess the Company's ability to continue as a going concern. The Company has an agreement in place pursuant to which it provides services to DG Partners LLP and BH-DG Systematic Trading LLP (each an "LLP"). The LLPs undertake regulated investment management business for their clients. The Company is reimbursed for a proportion of expenses incurred in the provision of services to these entities. The Company had total net assets of £8,503,491 at year end 2021 and a loss of £202,172. Therefore, the director has a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due for the foreseeable future.

Statement as to disclosure of information to auditors

At the date of approving this report, so far as each director is aware, there is no relevant audit information (any information needed by the auditor in connection with preparing its report) of which the company's auditor is unaware. Having made enquiries of fellow directors, each director has taken all steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is also aware of that information.

Principal risks and uncertainties
<u>Main risks to the Company</u>

The key risks facing the Company are:

- the failure of the bank or money market funds where funds are held;
- loss of David Gorton;
- a systems failure lasting more than one month; and
- the failure of the LLPs.

<u>Other risks to the Company</u>

Health Crises and Other Catastrophic Events

The Company has also considered the circumstances resulting from the outbreak of COVID-19.

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that result in disrupted markets and/or interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and public response to or fear of such crises or events, may have an adverse effect on the operations of the Company and its clients (i.e. the LLPs). For example, any preventative or protective actions taken by governments in response to such crises or events may result in periods of business disruption either in specific countries or worldwide. Such actions may significantly reduce, delay, suspend or otherwise disrupt the operations of the Company, clients and service providers to the foregoing. Further, the occurrence and duration of such crises or events could adversely affect economies and financial markets either in specific countries or worldwide. The impact of such crises or events could lead to negative consequences for the Company and its clients, including, without limitation, reduced liquidity of investments, restrictions on the ability to value investments and the potential suspension of issues, redemption and exchanges of shares in clients of the Company's clients.

Coronavirus

Recent market turmoil resulting from the COVID-19 outbreak has prompted U.S. and non-U.S. governments, central banks and other government entities to introduce stimulus programs and other acts of governmental intervention to mitigate the economic fallout of the COVID-19 outbreak. No assurances can be made that any such measures would be successful. The implementation of such programs could increase the volatility of markets, resulting in rapid shifts in the performance of the Company's clients. Although the UN has declared that the end of the COVID-19 pandemic is in sight, the coming winter will be a major test of that premise.

The Company has been required to adapt its business operations and processes in response to the outbreak of COVID-19. Business continuity measures have been successfully enacted and the Company continues to function with minimal disruption to its day-to-day business activities. The Company has demonstrated that it is able to continue to function with minimal disruption despite the lockdown, operating remotely since March 2020.

Geopolitical situations

In addition, commodities markets have been particularly volatile, in part caused by the pandemic but more recently exacerbated by the ongoing war in Ukraine, international sanctions against Russia and the Russian response thereto. It is worth nothing however that this has not had a direct impact on the Company.

Inflation

Furthermore, there has generally been a move by major Central Banks to increase interest rates in order to attempt to address rapidly rising inflationary risks. This process is still ongoing and the timeframes for achieving the targeted outcomes of those policies are difficult to predict.

That said, the Company's clients operate strategies (both macro and systematic) which are intended to be uncorrelated to equities and indeed, one of the reasons investors look to these types of strategies is precisely in order to diversify their portfolios. Whilst the LLPs have seen redemptions and expect an increased level of net redemptions to occur as a result of the coronavirus crisis, even where investors are satisfied with performance (ironically, better performance by those strategies may lead to investors becoming "overweight", versus less well performing strategies), it is hoped that the LLPs' strong performance since the crisis occurred (i.e. since March 2020) will help attract further investors in the future looking to hedge such crisis events. As the Company is primarily a service company to the LLPs, provided the LLPs remain operational, the Company expects to continue providing services to them.

Auditor

The auditor, BPO LLP, has indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the board meeting held to approve these financial statements.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

D M Gorton
Director

Date: 9 December 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements of the company in accordance with applicable law and regulations..

Company law requires the directors to prepare audited financial statements of the company for each financial year. Under that law the directors have elected to prepare the audited financial statements of the company 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 audited financial statements of the company 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 audited financial statements of the company, 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DG PARTNERS SERVICES LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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.

We have audited the financial statements of DG Partners Services Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

Independence

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

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DG PARTNERS SERVICES LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime.

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 DG PARTNERS SERVICES LIMITED (CONTINUED)

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 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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 gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and the accounting standards.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management; and
- review of minutes of board meetings throughout the period.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DG PARTNERS SERVICES LIMITED (CONTINUED)

Use of our report

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

DocuSigned by:
Neil Fung-On
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Neil Fung-On (Senior Statutory Auditor)

for and on behalf of BDO LLP, statutory auditor
London, UK

Date: 10 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

DG PARTNERS SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	*2020* *£*
Turnover	4	1,223,670	*1,379,021*
Gross profit		1,223,670	*1,379,021*
Administrative expenses		(1,407,774)	*(1,016,913)*
Fair value movements		(74,688)	*246*
Operating (loss)/profit		(258,792)	*362,354*
Interest receivable and similar income		1	*48*
Interest payable and similar expenses		(113)	*(7,578)*
(Loss)/profit before tax		(258,904)	*354,824*
Tax on (loss)/profit	7	56,732	*(48,618)*
(Loss)/profit for the financial year		(202,172)	*306,206*
Total comprehensive (Loss)/ Income for the year		(202,172)	*306,206*

The notes on pages 11 to 20 form part of these financial statements.

DG PARTNERS SERVICES LIMITED
REGISTERED NUMBER:04470767

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	9		8,000		8,294
Investments	8		8,123,256		8,348,011
Employee benefit trust & Employee retirement plans	16		82,827,135		84,556,628
			90,958,391		92,912,933
Current assets					
Debtors: amounts falling due within one year	10	500,011		668,791	
Cash at bank and in hand	11	122,144		264,606	
		622,155		933,397	
Creditors: amounts falling due within one year	13	(249,920)		(584,039)	
Net current assets			372,235		349,358
Total assets less current liabilities			91,330,626		93,262,291
Provisions for liabilities					
Provisions for liabilities and charges	16	(82,827,135)		(84,556,628)	
			(82,827,135)		(84,556,628)
Net assets			8,503,491		8,705,663
Capital and reserves					
Called up share capital	14		24,092,548		24,092,548
Profit and loss account			(15,589,057)		(15,386,885)
			8,503,491		8,705,663

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D M Gorton
Director

Date: 9 December 2022

The notes on pages 11 to 20 form part of these financial statements.

1. General information

DG Partners Services Limited is a limited company registered in England and Wales. The registered office is 55 Baker Street, London, W1U 7EU. Their principal place of business is 20 North Audley Street, Mayfair, London, W1K 6WE.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

These financial statements have been prepared on a going concern basis. The Company has an agreement in place pursuant to which it provides services to DG Partners LLP and BH-DG Systematic Trading LLP (each an "LLP"). The LLPs undertake regulated investment management business for their clients. The Company is reimbursed for a proportion of expenses incurred in the provision of services to these entities. Although the Company made a loss of £202,172, the Company had total net assets of £8,503,491 at year end 2021. Therefore, the directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future. Commodities markets have been particularly volatile, in part caused by the pandemic but more recently exacerbated by the ongoing war in Ukraine, international sanctions against Russia and the Russian response thereto. It is worth noting however that this has not had a direct impact on the company.

2.3 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, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest rate method.

2.5 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term. The value of any rent-free periods are amortised over the life of the lease.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.8 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.

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:

Fixtures and fittings	- 4 years straight line
Computer equipment	- 3 to 4 years straight line

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.

2.9 Valuation of investments

Investments in unlisted company shares, which have been classified as fixed asset investments as the company intends to hold them on a continuing basis, are remeasured to fair value at each statement of financial position date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where the investment cannot be remeasured reliably to fair value it is held at cost less impairment.

The net investment in the Employee Benefit Trust ("EBT") has been remeasured to fair value at each statement of financial position date. The assets and liabilities of the EBT are recorded gross on the statement of financial position and the net gain or loss on their remeasurement is recognised in the statement of comprehensive income for the period.

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, except where repayable on demand.

2. Accounting policies (continued)

2.10 Financial instruments

Financial assets
Basic financial assets, including trade and other debtors, and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. 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. Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the statement of comprehensive income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities
Basic financial liabilities, including trade and other creditors, bank loans, and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.11 Foreign currency translation

Functional and presentation currency
The company's functional and presentation currency is pound sterling. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Accounting policies (continued)

2.12 Taxation

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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.
The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year or in the year of the revision and future years, if the revisio affects both current and future years.

(a) Critical accounting estimates and assumptions
The directors are of the opinion that a reliable fair value cannot be determined for the company's investment in DGP or LDFM (Co Invest) I Limited, and as such these investments have been stated at cost less impairment.

(b) Key sources of estimation uncertainty
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful economic lives of non-financial assets
The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the tangible fixed assets, and note 2.8 for the useful economic lives for each class of assets.

4. Turnover

Turnover represents fees receivable as service provider to DG Partners LLP, and other income received. All fees arise in the United Kingdom.

5. Operating (loss)/profit

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

	2021 £	*2020* *£*
Depreciation of tangible fixed assets	**295**	*354*
Net foreign exchange (gains)/ losses	**(274)**	*2,252*
Auditor's remuneration:		
Fees payable to auditor for the audit of the financial statements	**23,069**	*21,194*
Tax services	**6,291**	*7,666*

6. Employees

	2021 £	*2020* *£*
Wages and salaries	**900,166**	*798,327*
Social security costs	**110,537**	*102,055*
Other pension costs	**37,818**	*33,565*
	1,048,521	*933,947*

The average monthly number of employees, including directors, during the year was 10 *(2020 - 9)*.

7. Taxation

	2021 £	*2020* *£*
Corporation tax		
Current tax on (losses)/profits for the year	**-**	*4,102*
Adjustments in respect of previous periods	**(56,732)**	*44,516*
Total current tax	**(56,732)**	*48,618*

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(was 19% in 2019 and 2020)* the standard rate of corporation tax in the UK of 19% *(2020- 19%)*. The differences are explained below:

	2021 £	*2020 £*
(Loss)/profit on ordinary activities before tax	**(258,904)**	*354,824*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020- 19%)	**(49,192)**	*67,417*
Effects of:		
Expenses not deductible for tax purposes	**45,178**	*5,568*
Utilisation of tax losses	**47,714**	*-*
Non-taxable income	**-**	*(69,107)*
Adjustments to brought forward values	**(14,191)**	*47*
Deferred tax not recognised	**(29,509)**	*177*
Adjustments in respect of prior periods	**(56,732)**	*44,516*
Total tax charge for the year	**(56,732)**	*48,618*

Factors that may affect future tax charges

As at the balance sheet date, the government had enacted legislation to keep the corporation tax rate at 19%. However, during the Budget in March 2021, the Chancellor of the Exchequer announced that the government would legislate to keep the corporation tax rate at 19% until 2023 at which point it would increase to 25%. This announcement does not amount to a significant impact on the deferred tax charge for the year.

8. Fixed asset investments

	Unlisted investments £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 January 2021	6,501,454	1,846,557	8,348,011
Revaluations	-	(74,688)	(74,688)
Impairment charge of investments	(150,067)	-	(150,067)
At 31 December 2021	6,351,387	1,771,869	8,123,256

Included in the investments above at cost less impairment, £6,351,387 (2020: £6,501,454) represents the company's capital contribution in DGP, a limited liability partnership incorporated in England and Wales. During the year, £nil (2020: £nil) was invested in DGP. The aggregate amount of members' capital and other reserves of DGP as at 31 December 2021 amounted to £5,952,513 (2020: £5,230,373). The company recognised an impairment charge of £150,067 (2020: £363,475 reversal) in respect of this investment. The profit of DGP available for distribution to members for the year ended 31 December 2021 amounted to £720,140 (2020: £650,144). The company does not control or exert significant influence over DGP.

The company has previously recognised a full impairment of the company's capital contribution in LDFM (Co Invest) Limited (known as "Co Invest") a company incorporated in Jersey, Channel Islands. Therefore, at the year end the company has an investment in Co Invest of £nil (2020: £nil). The loss and net assets of Co Invest for the year ended 31 December 2021 are £1,709,184 (2020: £534,900) and £824,638 (2020: £2,504,575) respectively. The company has a 14% interest in the redeemable shares of Co Invest and does not control nor exert significant influence over the entity.

At 31 December 2021, the market value of the DG Macro Fund Limited investments was £1,771,869 (2020: £1,846,557).

9. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2021	9,200	15,199	24,399
At 31 December 2021	9,200	15,199	24,399
Depreciation			
At 1 January 2021	1,200	14,905	16,105
Charge for the year on owned assets	-	294	294
At 31 December 2021	1,200	15,199	16,399
Net book value			
At 31 December 2021	8,000	-	8,000
At 31 December 2020	*8,000*	*294*	*8,294*

At 31 December 2021, included in the Furniture and fittings balance is an amount of £8,000 (2020: £8,000) attributable to Artwork, which is not subject to an annual depreciation charge.

10. Debtors

	2021 £	*2020 £*
Amounts due from DGP	409,600	*638,729*
Amounts owed by related parties	1,196	*962*
Other debtors	68,902	*7,776*
Prepayments and accrued income	20,313	*21,324*
	500,011	*668,791*

11. Cash and cash equivalents

	2021 £	*2020 £*
Cash at bank and in hand	122,144	*264,606*
	122,144	*264,606*

12. Pensions

The pension cost charged during the year amounted to £37,818 (2020: £33,565). The amount outstanding at the year end was £3,441 (2020: £3,224) and is included within creditors.

13. Creditors: Amounts falling due within one year

	2021 £	*2020* *£*
Trade creditors	**5,000**	*25,225*
Amounts owed to related parties	**1,675**	*1,675*
Corporation tax	**-**	*14,369*
Other taxation and social security	**33,058**	*20,310*
Other creditors	**3,543**	*3,224*
Accruals and deferred income	**206,644**	*519,236*
	249,920	*584,039*

14. Share capital

	2021 £	*2020* *£*
Allotted, called up and fully paid		
24,092,548 *(2020 - 24,092,548)* Ordinary shares of £1.00 each	**24,092,548**	*24,092,548*

15. Financial instruments

	2021 £	*2020* *£*
Financial assets		
Financial assets measured at fair value through profit or loss	**84,599,004**	*86,403,185*
Equity instruments measured at cost less impairment	**6,351,387**	*6,501,454*
	90,950,391	*92,904,639*
Financial liabilities		
Measured at fair value through profit or loss	**82,827,135**	*84,556,628*

The fair value of the unlisted fixed asset investments are determined using the market value of the fund units.

16. Provisions for liabilities and charges

	Employee benefit trust & Employee retirement plans £
At 1 January 2021	84,556,628
Charged to profit or loss	(1,729,493)
At 31 December 2021	**82,827,135**

The company established an Employee Benefit Trust ("EBT") in 2003 for the principal benefit of existing and future employees. The company reflected an asset, representing the fair value of assets purchased by the EBT at cost and an equivalent obligation representing amounts due to employees, in respect of the trust at the year end. The asset has been reflected within fixed assets and the obligation as a provision for liabilities and charges in the statement of financial position. During 2007, the LDFM Executive Retirement Plan ("ERP 2007") was set up. During 2011, the LDFM Executive Retirement Plan 2011 ("ERP 2011") was set up in relation to a sub-fund of the EBT and assets with a market value of £18,378,604 were transferred from the EBT to the ERP 2011.
During the year the company made no payments on behalf of the EBT, ERP 2007 or ERP 2011 (2020: no payments).
As at 31 December 2021, the market value of the assets held by the EBT, ERP 2007 and ERP 2011 were £52,474,526 (2020: £56,470,405), £30,352,609 (2020: £28,086,223), and £nil (2020: £nil) respectively.
During the year, an amount of £6,000,000 was loaned to David Gorton. This amount remained outstanding at the year end.

17. Related party transactions

The company is a member of DG Partners LLP, a limited liability partnership registered in England and Wales. Expense reimbursements and profit share income received from DG Partners LLP are disclosed on the face of the statement of comprehensive income. Amounts outstanding at the year end are disclosed in note 10.
DGP LLC is a US based company which is a wholly owned subsidiary of DG Partners International Limited, the ultimate controlling party of DGP LLP. During the year the company made disbursement payments of £234 on behalf of DGP LLC. At 31 December 2021, DGP LLC owed £1,196 (2020: £962) to the company.
David Gorton, a director of DG Partners Services Limited, is also a designated member of BH-DG Systematic Trading LLP ("BH-DG"). During the year, the company charged net expenses in the amount of £nil to BH-DG (2020: £nil). At the year end, the company owed BH-DG £1,675 (2020: £1,675) which is included in creditors.

18. Ultimate parent undertaking and controlling party

The company is a wholly-owned subsidiary of DG Partners International Limited, a company incorporated in the Cayman Islands. D Gorton is considered the ultimate parent undertaking and controlling party as he owns 98% of the shares in DG Partners International Limited.