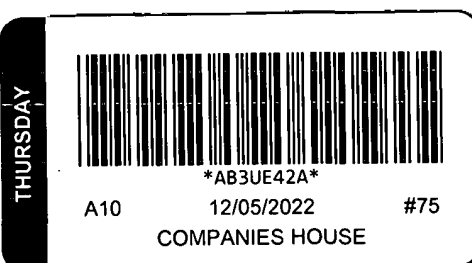


Registered number: 04551353

Ashik Shah & Co Limited

Report and Financial Statements

31 December 2021



Ashik Shah & Co Limited

COMPANY INFORMATION

Directors	A A Shah V Vaghadia N N K Shah R M Shah
Company secretary	A M. Shah
Registered number	04551353
Registered office	Heathfield Heathbourne Road Stanmore HA7 3JY
Independent auditors	Blick Rothenberg Audit LLP 16 Great Queen Street London WC2B 5AH
Bankers	National Westminster Bank Plc PO Box 12258 1 Princes Street London EC2R 8PA
Solicitors	Gordons Solicitors 22 Great James Street London WC1N 3ES

STRATEGIC REPORT
For the Year Ended 31 December 2021

The principal activity of the company during the year was the provision of investment advisory services.

Business review

The firm benefited from increased advisory fee income of £482,723 (2020: £416,448) in line with the rise in the net assets of the fund and investment company clients advised.

Advisory salaries increased from April in line with the increased fee income but nonetheless total expenses for the year were slightly less than budgeted, mainly because the pandemic continued to curtail overseas travel and attendance at conferences. Otherwise the pandemic had little effect on the firm's operations during 2021.

The firm increased its operating profit to £59,899 (2020: £48,876). However the firms' holdings in North American securities lost about 50% of their value at the beginning of the year before being liquidated in the third quarter so the 2021 net profit after taxation was little improved from last year, as noted in the directors' report.

Principal risks and uncertainties

The limited activities of the firm (it has only three non-retail clients, it does not handle client money or assets, it provides investment advice only and does not manage investments, trade securities or place orders for clients) mean that many of the risks normally associated with investment firms are unlikely to arise. The principal risks faced by the firm are as follows:

Losing investment advisory mandates

The principal reason why the firm might lose its existing investment advisory mandates would be as a result of poor performance as an investment adviser. As indicated in the section 'Key performance indicators' which follows, the investments of the companies advised, which accounted for 89% of assets advised at 31st December 2021, increased significantly in value during 2020 and modestly in 2021 while the NAV per share of the fund advised rose by 8% in 2020 and 18% in 2021. Clients are satisfied with the performance achieved.

Regulatory risk

The firm depends on its continued authorisation by the FCA to carry on its business and it devotes considerable resources to ensure that it stays compliant with applicable legal and regulatory requirements and does not endanger this authorisation in any way.

Operational risk - business continuity

The firm's data is backed up to the 'cloud' in real time as well as periodically to duplicated offsite storage.

The directors are able to focus on providing investment advice to clients because most other activities of the firm are carried out by a single key employee. This overdependence could be a risk to business continuity, and they intend to address this during 2022.

The pandemic has not impacted the viability of the firm's advisory business or its clients and any necessary adaptations to its operations, for example attending conferences or meeting with investment managers virtually, have continued without interruption.

Market risk - insufficient assets under advice

In a market downturn it is possible that the total value of assets the firm advises could fall to a level where its income will not fully cover the firm's overheads after any practicable reductions. The firm would start to make losses under this scenario which would threaten its ability to continue as a going concern, as indeed occurred in the wake of the 2008 subprime mortgage crisis. Ashik Shah, the firm's principal shareholder, has indicated to the board his willingness to support the firm should such a situation occur again, although with assets under advice of c.£81.5m at 31 Dec 21 this is not a risk at present.

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 December 2021

Key performance indicators

The key performance indicators of the company are the total client assets under advice and the growth in value of those assets in their reporting currencies, which are the US dollar for the fund advised and sterling for the two investment companies advised (although 86% of the assets of those companies are denominated in US dollars).

Total client assets under advice increased during the year, from c. £77.8 to c. £81.5m. Investment performance by the clients advised produced this increase, their net assets increasing in value by 3.9% in 2021 after an increase in 2020 of 36.4%. After substantial redemptions in the period December 2017 to January 2020, which almost halved its shares in issue, the fund advised has seen only modest redemptions of about 3%p.a. in 2020 and 2021. Its total net assets increased 10.7% in 2021 to \$12.2m (11.7% in sterling terms).

Statement required following amendment of the Companies Act 2006 (the "Act")

Following amendments made to the Act in 2018 the Directors have a duty under section 172 to act in the way they consider 'most likely to promote the success of the company' and to explain in their strategic report how in doing so they have had regard inter alia to a number of other matters set out in section 172(1)(a) to (f) of the Act:

(a) the likely consequences of any decision in the long term

As value investors, who admire legendary investor Warren Buffett's statement that his favourite holding period for an investment is "for ever", every material decision of the directors is made with regard to its potential long-term effects.

(b) the interests of the company's employees

Apart from the directors themselves the firm has only one part-time employee, who has been with the firm for fourteen years, which suggests to the directors that he is content with the way in which they have considered his interests during his employment.

(c) the need to foster the company's business relationships with suppliers, customers and others

- The firm has always had a policy of paying suppliers not just on time, but as soon as possible, which is key to maintaining a relationship with any supplier and which has been particularly important during the pandemic.
- Strong, long-term relationships with the firm's three investment advisory clients (and in the case of the fund advised, the fund's investors) are critical to the firm's business and the directors communicate and meet with them frequently to nurture these relationships.
- The directors do not believe in chopping and changing for temporary business advantage but in building personal relationships for the long term. Such relationships have been established with the firm's compliance consultants, the administrator of the fund advised, the trust company administering the investment companies advised, the firm's insurers, and others. The directors attach particular importance to ensuring returns to HMRC and the FCA are always made on time.

(d) the desirability of the company maintaining a reputation for high standards of business conduct

The firm's chief executive has a high profile in the UK's Jain community, is much involved in charitable activities, and is aware that any damage to the firm's reputation could negatively impact his own. Of particular importance to maintaining the firm's currently spotless reputation is the independent oversight of and challenge to the executive directors provided by the firm's unpaid non-executive chairman, a chartered accountant and the CFO of a significantly larger firm, and also by the firm's part-time compliance officer, another qualified accountant employed as compliance manager at an FCA regulated investment manager, a position which gives him a certain independence that a full-time employee of this firm might not necessarily have.

(e) the need to act fairly as between members of the company

Section 172 of the Act requires directors to promote the success of the company 'for the benefit of its members as a whole'. As the firm's chief executive owns all the firm's shares, it is clear that no conflict between the interests of its members can arise. Instead the focus of the firm is on identifying, avoiding or mitigating potential conflicts between the firm, its directors and its clients, particularly where they have holdings in the same underlying investments.

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 December 2021

Future outlook

The regulatory environment

The firm's clients are based outside the UK but none are in the European Union and the firm has no plans to market its services in the EU, so Brexit has had no impact on the firm. The focus on environmental, social and governance issues gathered further momentum in 2021 but has not, as yet, perceptively affected our existing investment advisory mandates.

The firm has had no difficulty meeting the new capital adequacy rules of the Investment Firms Prudential Regime which apply to all FCA regulated firms from 1st January 2022.

The economic environment

Last year we reported that, as value investors whose clients take a long-term, even generational view of investments, we were not overly concerned that the pandemic might cause a possible collapse in economic activity. Far from it, as now we are experiencing a post-pandemic increase in economic activity which has created global supply chain disruption, exposing structural problems with overambitious de-carbonisation targets and dangers from globalisation where previously only benefits were apparent. Meanwhile a European war threatens to turn the clock back to 1939 or worse still, 1945.

The world is becoming so dangerous that it is harder than it was a year ago to stay sanguine about future developments, but our clients are invested in a wide variety of funds and companies run by nimble managers whom we believe will be able to steer companies through the dangers of increasing disruption and seize the opportunities inevitably created by it.

Business development

The directors take an opportunistic rather than active approach to development of the business. They are in discussions which it is expected will result in two further significant investment advisory mandates for the firm early in 2022.

This report was approved by the board on 20th April 2022 and signed on its behalf.



A A Shah
Director

DIRECTORS' REPORT
For the Year Ended 31 December 2021

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

Results and dividends

The profit for the year, after taxation, amounted to £33,217 (2020: £34,318).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

A A Shah
V Vaghadia
N N K Shah
R M Shah

Regulatory capital

During 2021 the company was classified by its regulator, the Financial Conduct Authority, as an 'Exempt CAD' firm. As such it was required to maintain a level of regulatory capital in excess of €50,000 (the "capital resource requirement") but FCA rules also permitted a firm to meet its capital resource requirement by a combination of regulatory capital and professional indemnity insurance.

During 2021 the company continued the professional indemnity insurance cover which originally inceptioned in July 2009. As well as providing a significant level of protection for the company and its officers against possible claims, having this policy in place allowed the €50,000 capital resource requirement to be reduced to €16,667 as provided by FCA rules, and during the year the company's regulatory capital exceeded this capital resource requirement at all times. In fact at all times during 2021 the company's regulatory capital exceeded the €50,000 capital resource requirement for firms without professional indemnity insurance cover.

Under the Investment Firms Prudential Regime ("IFPR") , which applies to all FCA regulated firms from 1st January 2022, the company can no longer use professional indemnity insurance cover as a substitute for regulatory capital but, as in 2021 and earlier years, it does not need to. At 31st December 2021 the firm had sufficient capital to meet all the new and increased capital adequacy requirements introduced by the IFPR.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2021

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.

Disclosure of information to auditors

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

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

Auditors

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

This report was approved by the board on 20th April 2022 and signed on its behalf.



A A Shah
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHIK SHAH & CO LIMITED

Opinion

We have audited the financial statements of Ashik Shah & Co Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the 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).

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHIK SHAH & CO LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of management concerning the Company's policies with regards to identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act 2006, the Financial Services and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASHIK SHAH & CO LIMITED (CONTINUED)

Markets Act 2000 and applicable tax legislation.

One particular focus area was the risk of fraud through management override of controls. Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Company for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and testing the appropriateness of journal entries and other adjustments.

Another focus area was non-compliance with the rules of the Financial Conduct Authority ('the FCA'). The Company was authorised and regulated by the FCA throughout the period. Our procedures to respond to risks identified included the following: reviewing correspondence between the Company and the FCA, performing analytical review to detect receipts of client money and remaining alert to the possibility of accidental receipt of client monies; and discussion of regulatory matters with the appointed officers of the Company.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. 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.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Vipond (Senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants

Statutory Auditor

16 Great Queen Street

London

WC2B 5AH

22 April 2022

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	482,723	416,448
Administrative expenses		(422,924)	(367,572)
Operating profit	4	59,799	48,876
Loss on financial assets at fair value through the profit and loss account		(18,522)	(15,635)
Profit before tax		41,277	33,241
Tax on profit	7	(8,060)	1,077
Profit for the financial year		33,217	34,318

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 13 to 20 form part of these financial statements.

BALANCE SHEET
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	2,402	-
Investments	9	-	37,518
		<u>2,402</u>	<u>37,518</u>
Current assets			
Debtors: amounts falling due within one year	10	66,239	62,587
Cash at bank and in hand		136,612	81,572
		<u>202,851</u>	<u>144,159</u>
Creditors: amounts falling due within one year	11	(24,151)	(33,792)
Net current assets		<u>178,700</u>	<u>110,367</u>
Total assets less current liabilities		<u>181,102</u>	<u>147,885</u>
Net assets		<u>181,102</u>	<u>147,885</u>
Capital and reserves			
Called up share capital	13	40,000	40,000
Profit and loss account		141,102	107,885
		<u>181,102</u>	<u>147,885</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20th April 2022



A A Shah
Director

The notes on pages 13 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	40,000	73,567	113,567
Profit for the year	-	34,318	34,318
At 1 January 2021	40,000	107,885	147,885
Profit for the year	-	33,217	33,217
At 31 December 2021	40,000	141,102	181,102

The notes on pages 13 to 20 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	33,217	34,318
Adjustments for:		
Depreciation of tangible assets	680	-
Taxation charge	8,060	(1,077)
(Increase) in debtors	(4,113)	(29,319)
(Decrease)/increase in creditors	(17,240)	14,434
Net fair value losses recognised in P&L	18,522	15,635
Corporation tax received/(paid)	-	(3,446)
Net cash generated from operating activities	<u>39,126</u>	<u>30,545</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,082)	-
Sale of listed investments	18,996	-
Net cash from investing activities	<u>15,914</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>55,040</u>	<u>30,545</u>
Cash and cash equivalents at beginning of year	81,572	51,027
Cash and cash equivalents at the end of year	<u><u>136,612</u></u>	<u><u>81,572</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>136,612</u></u>	<u><u>81,572</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

1. General information

Ashik Shah & Co Limited is a private company limited by shares, incorporated in the UK and registered in England and Wales.

The company's registered address is Heathfield, Heathbourne Road, Stanmore, HA7 3JY.

The company's principal activity is the provision of investment advisory services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The directors do not consider there to be any critical accounting estimates or judgemental areas.

2.2 Revenue

Revenue represents fees receivable for investment advisory services and is recognised in the period during which the services are provided.

2.3 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation.

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.

The estimated useful lives range as follows:

Computer equipment	- 3 years
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2.4 Valuation of investments

Investments are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss for the period..

2.6 Pensions

The company contributes to personal pension plans of certain of its employees but does not operate any scheme itself.

2.7 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 Balance sheet date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

4. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	680	-
Exchange differences	2,144	15
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	5,800	5,800
	<u>5,800</u>	<u>5,800</u>

5. Employees

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

	2021 £	2020 £
Wages and salaries	261,376	221,727
Social security costs	26,805	20,260
Other pension costs	6,263	6,244
	<u>294,444</u>	<u>248,231</u>

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

	2021 No.	2020 No.
Administrative staff	1	1
Directors	4	4
	<u>5</u>	<u>5</u>

6. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	236,386	197,367
	<u>236,386</u>	<u>197,367</u>

The highest paid director received remuneration of £77,375 (2020 - £65,000).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

7. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	7,592	9,282
Adjustments in respect of previous periods	-	(7,388)
Total current tax	<u>7,592</u>	<u>1,894</u>
Deferred tax		
Origination and reversal of timing differences	468	(2,971)
Total deferred tax	<u>468</u>	<u>(2,971)</u>
Taxation on profit/(loss) on ordinary activities	<u>8,060</u>	<u>(1,077)</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>41,277</u>	<u>33,241</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	7,843	6,316
Effects of:		
Expenses not deductible	87	-
Capital allowances for year in excess of depreciation	(482)	(5)
Adjustments to tax charge in respect of prior periods	-	(7,388)
Other differences leading to an increase (decrease) in the tax charge	612	-
Total tax charge for the year	<u>8,060</u>	<u>(1,077)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

8. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2021	13,076
Additions	3,082
At 31 December 2021	<u>16,158</u>
Depreciation	
At 1 January 2021	13,076
Charge for the year	680
At 31 December 2021	<u>13,756</u>
Net book value	
At 31 December 2021	<u><u>2,402</u></u>
At 31 December 2020	<u><u> </u></u>

9. Fixed asset investments

	Listed investments £
Valuation	
At 1 January 2021	37,518
Disposals	(18,996)
Revaluations	(18,522)
At 31 December 2021	<u>-</u>
Net book value	
At 31 December 2021	<u><u>-</u></u>
At 31 December 2020	<u><u>37,518</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

10. Debtors

	2021 £	2020 £
Trade debtors	11,924	17,484
Other debtors	18,794	9,042
Prepayments and accrued income	35,521	35,593
Deferred taxation	-	468
	<u>66,239</u>	<u>62,587</u>

11. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	-	6,779
Corporation tax	16,910	9,318
Other creditors	475	497
Accruals and deferred income	6,766	17,198
	<u>24,151</u>	<u>33,792</u>

12. Deferred taxation

	2021 £	2020 £
At beginning of year	468	(2,503)
Charged to profit or loss	(468)	2,971
At end of year	<u>-</u>	<u>468</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Revaluation of investments	-	468

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

13. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
40,000 (2020: 40,000) Ordinary shares of £1.00 each	40,000	40,000

14. Analysis of net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	81,572	55,040	136,612

15. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	15,000	33,000
Later than 1 year and not later than 5 years	-	6,000
	15,000	39,000

16. Controlling party

The ultimate controlling party is A A Shah.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021

17. Financial instruments

The company faces the following risks in relation to its financial instruments which consist of cash, short-term debtors and creditors:

Market risk

Market risk consists of price risk, interest rate risk and currency risk. The company is no longer exposed to price risk as its remaining fixed asset investments were sold during the year, and it holds no financial instruments which would expose it to interest rate risk.

The company has exposure to currency risk. Its reporting currency is sterling but its income currently comes from advising a fund and two companies which have c.85% of their assets denominated in dollars (and some other non-sterling currencies) and only 15% in sterling. As the company's income is proportionate to the assets it advises on, this means that in 2021 85% of the company's income was based on the value of non-sterling investments. On the other hand 88% of the company's expenses were in sterling (some expenses - notably data feeds - are charged in US dollars or other currencies). This means that the company is following an investment strategy which is mainly backing the US dollar rather than its own reporting currency. The company's policy is to accept this exposure to currency risk, which it would be impractical to attempt to hedge against.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or meet a commitment which it has entered into with the company.

The company's cash is held at National Westminster Bank PLC which has been given a short-term credit rating of A-1 by Standard & Poors. Typically the company's debtors are represented by accrued or invoiced advisory fees and various prepayments; the risk of any of these debtors defaulting on their obligations to pay or failing to provide the services paid for is considered to be very low.

Liquidity risk

This is the risk that the company will encounter difficulty meeting obligations associated with liabilities or with holding financial instruments.

The company has no borrowings. The company has no long-term liabilities and its current assets (which as already noted above consist almost entirely of cash, advisory fees accrued or receivable, and prepayments) are very liquid and exceeded the company's current liabilities by a ratio of 8.4:1 at 31 December 2021.

18. Fair value of financial instruments

The fair value of fixed asset investments is established by reference to current market bid prices.

	2021 £	2020 £
Financial assets		
Level 1	-	37,518

Level 1 assets are quoted shares listed on recognised overseas stock exchanges.