

Registered number: 05691283

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## CANTAB ASSET MANAGEMENT LIMITED

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### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

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**CANTAB ASSET MANAGEMENT LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

D J Saunderson  
T Allebon  
C Bota  
J H C Davis  
F T Saunderson  
L H P Welch

**REGISTERED NUMBER**

05691283

**REGISTERED OFFICE**

50 Station Road  
Cambridge  
CB1 2JH

**INDEPENDENT AUDITORS**

Peters Elworthy & Moore  
Chartered Accountants & Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

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**CANTAB ASSET MANAGEMENT LIMITED**

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**CANTAB ASSET MANAGEMENT LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 JULY 2022**

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**INTRODUCTION**

The directors present their strategic report for the year ended 31 July 2022.

**BUSINESS REVIEW**

Cantab Asset Management works as a discretionary investment management and Chartered financial planning firm. Assets under Management exceeded £1 billion at the year end.

The VT Cantab Fund ICVC, enabling the benefits of the Cantab model portfolios to be available within an Open Ended Investment Company (OEIC) structure, held over £180 million at the year end.

The firm continued satisfactorily with the London office at 8 Angel Court and the Cambridge office at 50 Station Road.

The firm looks forward to serving more Individuals, Institutions and Intermediaries in the coming year with more professionals added to the excellent staff team already in place.

Cantab aims to provide clients with excellent service, investment expertise and efficient administration.

**FINANCIAL KEY PERFORMANCE INDICATORS**

Turnover rose by 21%. Regulatory capital was more than double that required under the FCA regulations.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company operates in a highly regulated environment, which requires a significant amount of management time to both understand and ensure the Company meets the compliance requirements. Failure to do so would result in the Company being unable to continue to operate. In addition, the Company continues to foster strong relationships with its clients and suppliers. Payments to suppliers are made in line with agreed terms. The directors routinely monitor all known risks and uncertainties and appropriate actions are taken to mitigate the risks of their potential outcomes.

The global health crisis caused by Coronavirus (COVID-19) has had a significant impact on most businesses. Cantab has been able to work safely and effectively for clients and staff. Business operations have continued with remote and office work integrating satisfactorily.

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

*David Sanderson*

**D J Sanderson  
Director**

Date: 23 September 2022

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**CANTAB ASSET MANAGEMENT LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JULY 2022**

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The directors present their report and the financial statements for the year ended 31 July 2022.

**DIRECTORS**

The directors who served during the year were:

D J Saunderson  
T Allebon  
C Bota  
J H C Davis  
F T Saunderson  
L H P Welch

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £1,391,886 (2021 - £1,061,644).

Dividends of £890,047 (2021 - £449,948) were paid during the year. Subsequent to the year end dividends of £300,040 were declared.

**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 judgements and accounting estimates that are reasonable and prudent;
- 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.

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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**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, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

*David Sanderson*

**D J Sanderson  
Director**

Date: 23 September 2022

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## **CANTAB ASSET MANAGEMENT LIMITED**

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

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#### **OPINION**

We have audited the financial statements of Cantab Asset Management Limited (the 'Company') for the year ended 31 July 2022, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **BASIS FOR OPINION**

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

#### **CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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

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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**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.

**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 2, 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.



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## CANTAB ASSET MANAGEMENT LIMITED

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

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#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements, including the Companies Act 2006 and relevant taxation legislation, as well as those laws and regulations relating to the Company's operations, data protection requirements, employment legislation and FCA regulations; and
- we obtained an understanding of the Company's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud; their knowledge of actual, suspected and alleged fraud and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the Company for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of fraud through management bias and override of controls. To address the risk of fraud through management bias and override of controls, we:

- tested the appropriateness of journal entries and other adjustments;
- designed procedures to identify unexpected and unusual journal entries and performed testing to confirm the validity of such postings; and
- in testing transactions, we evaluated the business rationale behind those which appeared unusual or outside the company's normal course of business.

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## CANTAB ASSET MANAGEMENT LIMITED

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

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In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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](http://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.

James Burrett (senior statutory auditor)

for and on behalf of

**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

23 September 2022

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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	Note	2022 £	2021 £
Turnover	5	<u>6,379,592</u>	<u>5,251,595</u>
<b>GROSS PROFIT</b>		<b>6,379,592</b>	<b>5,251,595</b>
Administrative expenses		<u>(4,689,089)</u>	<u>(3,926,894)</u>
<b>OPERATING PROFIT</b>	6	<b>1,690,503</b>	<b>1,324,701</b>
Interest receivable and similar income	8	<u>1,427</u>	<u>2,708</u>
<b>PROFIT BEFORE TAX</b>		<b>1,691,930</b>	<b>1,327,409</b>
Tax on profit	11	<u>(300,044)</u>	<u>(265,765)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>1,391,886</u></b>	<b><u>1,061,644</u></b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 12 to 28 form part of these financial statements.

**CANTAB ASSET MANAGEMENT LIMITED**  
**REGISTERED NUMBER: 05691283**

**BALANCE SHEET**  
**AS AT 31 JULY 2022**

	Note	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	12	99,018	178,853
Investments	13	600,000	100,000
		<u>699,018</u>	<u>278,853</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	14	313,171	234,609
Cash at bank and in hand	15	3,591,653	3,358,624
		<u>3,904,824</u>	<u>3,593,233</u>
Creditors: amounts falling due within one year	16	(1,579,966)	(1,328,626)
<b>NET CURRENT ASSETS</b>		<u>2,324,858</u>	<u>2,264,607</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,023,876</u>	<u>2,543,460</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	17	(15,465)	(36,888)
		<u>(15,465)</u>	<u>(36,888)</u>
<b>NET ASSETS</b>		<u><u>3,008,411</u></u>	<u><u>2,506,572</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	11,934	11,934
Capital redemption reserve	19	766	766
Profit and loss account	19	2,995,711	2,493,872
		<u><u>3,008,411</u></u>	<u><u>2,506,572</u></u>

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

*David Sanderson*

**D J Sanderson**  
**Director**

Date: 23 September 2022

The notes on pages 12 to 28 form part of these financial statements.

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
<b>AT 1 AUGUST 2020</b>	<b>11,934</b>	<b>766</b>	<b>1,882,176</b>	<b>1,894,876</b>
Profit for the year	-	-	1,061,644	1,061,644
Dividends: Equity capital	-	-	(449,948)	(449,948)
<b>AT 1 AUGUST 2021</b>	<b>11,934</b>	<b>766</b>	<b>2,493,872</b>	<b>2,506,572</b>
Profit for the year	-	-	1,391,886	1,391,886
Dividends: Equity capital	-	-	(890,047)	(890,047)
<b>AT 31 JULY 2022</b>	<b>11,934</b>	<b>766</b>	<b>2,995,711</b>	<b>3,008,411</b>

The notes on pages 12 to 28 form part of these financial statements.

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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	2022 £	2021 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	1,391,886	1,061,644
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	82,000	92,690
Interest received	(1,427)	(2,708)
Taxation charge	300,044	265,765
(Increase)/decrease in debtors	(78,562)	126,466
Increase in creditors	194,470	73,743
Corporation tax (paid)	(264,597)	(187,053)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>1,623,814</u>	<u>1,430,547</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(2,165)	(36,026)
Purchase of investments	(500,000)	(100,000)
Interest received	1,427	2,708
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(500,738)</u>	<u>(133,318)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(890,047)	(449,948)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(890,047)</u>	<u>(449,948)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>233,029</u>	<u>847,281</u>
Cash and cash equivalents at beginning of year	<u>3,358,624</u>	<u>2,511,343</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u><u>3,591,653</u></u>	<u><u>3,358,624</u></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<u>3,591,653</u>	<u>3,358,624</u>
	<u><u>3,591,653</u></u>	<u><u>3,358,624</u></u>

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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**1. GENERAL INFORMATION**

Cantab Asset Management Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is 50 Station Road, Cambridge, CB1 2JH.

The Company's functional and presentation currency is GBP.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

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

The following principal accounting policies have been applied:

**2.2 TURNOVER**

Turnover comprises revenue recognised by the Company in respect of financial planning and investment management services supplied during the year, exclusive of Value Added Tax.

Unbilled time, where the ability to recover fees on a matter is non contingent, is recognised on the basis of time spent, discounted for recovery rates on different types of work, and is valued at the amount expected to be billed in respect of that time. This is included within Current Assets as Amounts Recoverable on Contracts.

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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.3 TANGIBLE FIXED ASSETS**

Tangible fixed assets are stated at cost less 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:

Leasehold property	- over the period of the lease term
Fixtures and fittings	- 25% straight line
Computer equipment	- 25% 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.

**2.4 VALUATION OF INVESTMENTS**

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

**2.5 WORK IN PROGRESS AND AMOUNTS RECOVERABLE UNDER CONTRACTS**

Amounts Recoverable on Contracts are reviewed on a monthly basis. The methodology for the provision is applied consistently assessing all matters individually for the carrying value of the work done to date, using the methodology described in note 2.2.

**2.6 DEBTORS**

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

**2.7 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.



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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**2. ACCOUNTING POLICIES (CONTINUED)****2.8 FINANCIAL INSTRUMENTS**

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

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

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

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.9 CREDITORS**

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

**2.10 DIVIDENDS**

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

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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.11 OPERATING LEASES**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.12 PENSIONS**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

**2.13 INTEREST INCOME**

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

**2.14 PROVISIONS FOR LIABILITIES**

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

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

When payments are eventually made, they are charged to the provision carried in the balance sheet.

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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.15 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 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 balance sheet date.

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**AMOUNTS RECOVERABLE ON CONTRACTS**

Amounts Recoverable on Contracts are reviewed on a monthly basis. The methodology for the provision is applied consistently assessing all matters individually for the carrying value of the work done to date, using the methodology described in note 2.2.

**DEBTORS**

An allowance for doubtful accounts is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance for doubtful accounts is reviewed periodically to assess its adequacy. In making this assessment, management takes into consideration any circumstances of which they are aware regarding a customer's inability to meet its financial obligations.

**4. CAPITAL MANAGEMENT**

The directors look at the major risks the Company faces, and estimate how much capital might be prudently required to accommodate reasonable risks and yet continue to trade at current levels of business in the areas in which it specialises. The last review was completed in September 2021. The result, which changes in quantum as the Company's models are refined, is that the current capital is more than required to cover all anticipated growth and likely acquisitions for the foreseeable future. The current capital exceeds the regulatory capital requirement of three months fixed overheads.

**5. TURNOVER**

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Fees	6,382,150	5,213,747
Movement in amounts recoverable on contracts	(2,558)	37,848
	<u>6,379,592</u>	<u>5,251,595</u>

All turnover arose within the United Kingdom.

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	82,000	92,692
Other operating lease rentals	183,338	183,916
Defined contribution pension cost	214,740	116,876
	<u>316,078</u>	<u>208,100</u>

**7. AUDITORS' REMUNERATION**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,135	4,600

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES  
IN RESPECT OF:**

Taxation compliance services	840	800
All other services	1,900	3,100
	<u>2,740</u>	<u>3,900</u>

**8. INTEREST RECEIVABLE**

	2022 £	2021 £
Other interest receivable	1,427	2,708

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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**9. EMPLOYEES**

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

	2022 £	2021 £
Wages and salaries	3,017,496	2,418,544
Social security costs	267,689	266,438
Cost of defined contribution scheme	227,446	115,756
	<u>3,512,631</u>	<u>2,800,738</u>

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

	2022 No.	2021 No.
Employees	<u>40</u>	<u>35</u>

**10. DIRECTORS' REMUNERATION**

	2022 £	2021 £
Directors' emoluments	1,062,573	754,798
Company contributions to defined contribution pension schemes	42,174	69,460
	<u>1,104,747</u>	<u>824,258</u>

During the year retirement benefits were accruing to 5 directors (2021 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £233,557 (2021 - £157,343).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,710 (2021 - £31,060).

## CANTAB ASSET MANAGEMENT LIMITED

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

## 11. TAXATION

	2022 £	2021 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	321,467	264,596
<b>TOTAL CURRENT TAX</b>	<b>321,467</b>	<b>264,596</b>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(21,423)	(10,111)
Effect of tax rate change on opening balance	-	11,280
<b>TOTAL DEFERRED TAX</b>	<b>(21,423)</b>	<b>1,169</b>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>300,044</b>	<b>265,765</b>

## FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	1,691,930	1,327,409
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	321,467	252,208
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	2,938
Fixed asset differences	(21,423)	2,034
Remeasurement of deferred tax for changes in tax rates	-	5,263
Deferred tax not recognised	-	3,322
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>300,044</b>	<b>265,765</b>

## FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The closing deferred tax liabilities have been measured at the rate of 25.00% (2021 - 25.00%) in accordance with the rates enacted at the balance sheet date. In the UK Budget Statement on 3 March 2021, the Chancellor announced the intention for corporation tax to rise to a headline rate of 25.00% from 1 April 2023, which was subsequently enacted into law when the Finance Act 2021 was given Royal Assent on 10 June 2021.

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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**12. TANGIBLE FIXED ASSETS**

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>				
At 1 August 2021	34,172	301,448	157,678	493,298
Additions	-	-	2,165	2,165
At 31 July 2022	<u>34,172</u>	<u>301,448</u>	<u>159,843</u>	<u>495,463</u>
<b>DEPRECIATION</b>				
At 1 August 2021	18,746	171,411	124,288	314,445
Charge for the year on owned assets	4,440	63,820	13,740	82,000
At 31 July 2022	<u>23,186</u>	<u>235,231</u>	<u>138,028</u>	<u>396,445</u>
<b>NET BOOK VALUE</b>				
At 31 July 2022	<u>10,986</u>	<u>66,217</u>	<u>21,815</u>	<u>99,018</u>
At 31 July 2021	<u>15,426</u>	<u>130,037</u>	<u>33,390</u>	<u>178,853</u>

**13. FIXED ASSET INVESTMENTS**

	Listed investments £
<b>VALUATION</b>	
At 1 August 2021	100,000
Additions	500,000
At 31 July 2022	<u>600,000</u>



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**CANTAB ASSET MANAGEMENT LIMITED**


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


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**14. DEBTORS**

	2022 £	2021 £
Trade debtors	63,198	17,301
Other debtors	16,482	-
Prepayments and accrued income	233,491	199,677
Amounts recoverable on long term contracts	-	17,631
	<u>313,171</u>	<u>234,609</u>

**15. CASH AND CASH EQUIVALENTS**

	2022 £	2021 £
Cash at bank and in hand	<u>3,591,653</u>	<u>3,358,624</u>

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

	2022 £	2021 £
Trade creditors	186,771	147,599
Corporation tax	321,466	264,596
Other taxation and social security	117,065	81,559
Other creditors	20,186	15,032
Accruals and deferred income	934,478	819,840
	<u>1,579,966</u>	<u>1,328,626</u>

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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**17. DEFERRED TAXATION**

	2022 £	2021 £
At beginning of year	36,888	35,719
Charged to profit or loss	(21,423)	1,169
<b>AT END OF YEAR</b>	<b>15,465</b>	<b>36,888</b>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	15,465	36,888

**18. SHARE CAPITAL**

	2022 £	2021 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
9,534 (2021 - 9,534) Ordinary shares of £1.00 each	9,534	9,534
1,000 (2021 - 1,000) Class A shares of £1.00 each	1,000	1,000
1,000 (2021 - 1,000) Class B shares of £1.00 each	1,000	1,000
400 (2021 - 400) Class C shares of £1.00 each	400	400
	<b>11,934</b>	<b>11,934</b>

**19. RESERVES****Capital redemption reserve**

Capital redemption reserve represents share capital repurchased by the Company from shareholders.

**Profit and loss account**

Profit and loss account includes all current and prior period retained profits and losses.

**20. DIVIDENDS**

	2022 £	2021 £
Dividends paid on equity capital	890,047	449,948

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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**21. PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £227,446 (2021 - £115,756).

The liability outstanding at the year end in respect of the pension scheme is £20,186 (2021 - £10,532).

**22. COMMITMENTS UNDER OPERATING LEASES**

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

	2022 £	2021 £
Not later than 1 year	201,300	201,300
Later than 1 year and not later than 5 years	184,525	385,825
	<u>385,825</u>	<u>587,125</u>

**23. TRANSACTIONS WITH DIRECTORS**

During the year, the Company paid dividends totalling £890,047 (2021 - £449,948) of which £754,572 (2021 - £327,171) was paid to directors of the Company.

At the year end £16,482 (2021 - £NIL) was due from a director and included within other debtors.

**24. ANALYSIS OF NET DEBT**

	At 1 August 2021 £	Cash flows £	At 31 July 2022 £
Cash at bank and in hand	3,358,624	233,029	3,591,653
	<u>3,358,624</u>	<u>233,029</u>	<u>3,591,653</u>

**25. CONTROLLING PARTY**

The company is controlled by D J Saunderson by virtue of his majority shareholding and directorship.

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**CANTAB ASSET MANAGEMENT LIMITED**

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

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**Appendix 1**

**Cantab Asset Management Limited - FCA Register Number 449269**

**Pillar 3 and Remuneration Code Disclosures**

**1. Background**

- 1.1 This is the Pillar 3 disclosure made in accordance with the UK Financial Conduct Authority (FCA) Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU).
- 1.2 The European Capital Requirements Directive (CRD) created a revised regulatory capital framework based on the provisions of the Basel 2 Capital Accord.
- 1.3 The new framework consists of three 'pillars' namely;
  - Pillar 1 – which sets out the minimum capital requirements that firms are required to meet for credit, market and operational risk;
  - Pillar 2 – which requires firms to take a view on whether additional capital should be held against capital risks not covered by Pillar 1; and
  - Pillar 3 – which requires firms to publish certain details of its risks, capital and risk management process.

**2. Disclosure**

The rules in BIPRU 11 provide that the firm may omit one or more of the required disclosures if it believes that the information is immaterial. Materiality is based on the criteria that the omission or misstatement of material information would be likely to change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions. Where the firm considers a disclosure to be immaterial, this will be stated in the relevant section.

The firm is also permitted to omit one or more of the required disclosures where it believes that the information is regarded as proprietary or confidential. Proprietary information is that which, if it were shared, would undermine the firm's competitive position. Information is considered to be confidential where there are obligations binding the firm to confidentiality with its clients and counterparties.

Where the firm has omitted information for any of the above reasons, a statement explaining this will be provided in the relevant section.

Unless stated as otherwise, all figures contained in this disclosure are based on the firm's audited annual reports for the year ending 31 July 2022.

**3. Frequency**

These Pillar 3 Disclosures will be reviewed on an annual basis as a minimum. The disclosures will be published as soon as is practical following the finalisation of the firm's Internal Capital Adequacy Assessment Process (ICAAP) and the publication of its annual reports.

**4. Verification**

The information contained in this disclosure has not been audited by our firm's external auditors and does not constitute any form of financial statement.

**5. Publication**

Our firm's Pillar 3 Disclosure reports are included in our audited accounts.

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## CANTAB ASSET MANAGEMENT LIMITED

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

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#### 6. Scope and application of directive requirements

The disclosures in this document are made in respect of Cantab Asset Management Limited which provides independent financial advice and discretionary investment management services.

The firm is a limited licence firm as defined by the FCA.

#### 7. Risk Management objectives and policies

Our risk management policy reflects the FCA requirement that we must manage a number of different categories of risk. These include: liquidity, credit, market, interest rate, business and operational risks.

##### 7.1 Liquidity risk

The firm manages all cash and borrowing requirements to maximise potential interest income whilst ensuring the firm has sufficient liquid resources to meet the continued operating needs of the business. This is supported by a robust budgeting and forecasting process which has the full involvement of the Board.

##### 7.2. Credit Risk

The main credit risk for the firm relates to advisory fees; the risk being that a client does not pay an invoice due for services provided. The risk of non-payment is reduced by the nature of our clients, who are generally institutions or high net-worth individuals.

Cantab's revenue also includes annual management fees received from clients based on time, speed, complexity and value. These charges are made directly to the clients' portfolios therefore the credit risk relating to this income is negligible.

The risk relating to money due from providers as a result of adviser charges is considered to be low. This is because these amounts are due from institutions that are regulated by the FCA.

##### 7.3 Market risk

The firm is indirectly subject to market risk as there may be a value element to fees charged. This risk is mitigated by the asset allocation strategy adopted, which ensures that clients have highly diversified portfolios with limited exposure to any one asset class. Accordingly exposure to market risk is considered minimal.

##### 7.4 Interest rate risk

The firm has no borrowings and no exposure to interest rate risk.

##### 7.5. Business risk

The Cantab Pillar 2 risk assessment, seeks to assess the risk to the business of a fall in assets under management following a market downturn that might lead, in turn, to lower fee income. Other risks, such as loss of advisers, loss of key personnel, loss of clients and systems failures, are also considered.

##### 7.6 Operational risk

Operational risk is defined as the potential risk of financial loss or impairment to reputation resulting from inadequate or failed internal processes and systems, from the actions of people or from external events. Major sources of operational risk include: outsourcing of operations, IT security, internal and external fraud, implementation of strategic change and regulatory non-compliance.

Cantab operates a robust risk management process which is regularly reviewed and updated with details being provided to the Board. The firm's Compliance Oversight is responsible for the periodic reviews and recommending any changes to the Board.

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**CANTAB ASSET MANAGEMENT LIMITED**


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


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All senior management will bear responsibility for internal controls and the management of business risk as part of their accountability to the Board.

Individuals are responsible for identifying the risks surrounding their work, implementing controls over those risks and reporting areas of concern to their line manager.

#### 7.7 Other risks

The firm operates a simple business model. Accordingly, many of the specific risks identified by the FCA do not apply.

#### 8. Capital resources

##### 8.1 Pillar 1 requirement

In accordance with GENPRU 2.1.45R, (the calculation of variable capital requirement for a BIPRU firm), our capital requirement has been determined as being our fixed overhead requirement and not the sum of our credit risk capital requirement and our market risk capital requirement.

The Pillar 1 requirement for Cantab was £900,000 as at 31 July 2022.

##### 8.2 Pillar 2

Our overall approach to assessing the adequacy of our internal capital is set out in our ICARA. The ICARA process involves separate consideration of risks to our capital combined with stress testing using scenario analysis. The level of capital required to cover risks is a function of impact and probability. We assess impact by modelling the changes in our income and expenses caused by various potential risks over a 1 year time horizon. Probability is assessed subjectively.

In addition, we have reviewed the outputs of our risk reviews to quantify any risks identified. This has identified a number of key business risks which we have classified against the risk categories contained in GENPRU 1.2.30R and reviews the guidance in BIRPRU 2.2.61-65.

Cantab's Pillar 2 capital requirement, which is our own assessment of the minimum amount of capital that we believe is adequate against the risks identified, has been assessed. No additional capital is required above the Pillar 1 requirement. There is considerable surplus of reserves above the capital resource requirement deemed necessary to cover the risks identified.

##### 8.3 Regulatory capital

The main features of Cantab Asset Management Limited's capital resources for regulatory purposes, as at 31 July 2022, are as follows:

Capital Item	£'000
Tier 1 Capital	2,982
Deductions from tier 1 and tier 2 capital	(99)
Total capital net of deductions	2,884

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## CANTAB ASSET MANAGEMENT LIMITED

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

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#### 9. Remuneration Code Disclosure

The firm is subject to the Remuneration Code and is categorised as a Level 3 firm. This section provides further information on our remuneration policy along with relevant quantitative data.

##### 9.1 Decision Making/Remuneration Committee

Cantab has a Remuneration Committee comprising the Board of Directors.

The principle terms of reference for the Remuneration Committee include:

- Determining the framework and policy for remuneration and ensuring it does not encourage undue risk taking.
- Considering and advising on any major changes in remuneration structures.
- Reviewing the terms and conditions of any new incentive schemes and in particular, considering the appropriate targets for any performance related remuneration schemes.
- Considering and recommending the remuneration policy for the senior employees. In doing so the Remuneration Committee will consider the appropriate mix of salary and discretionary bonus
- In determining remuneration arrangements, the Remuneration Committee will give due regard to best practice and any relevant legal or regulatory requirements including the FCA Remuneration Code.

##### 9.2 Link between Pay and Performance

Competitive salaries form the basis of our firm's remuneration package. In addition there is an element of variable pay for all staff which is based on firm wide and individual performance. Whilst most of the variable reward components are awarded to employees across the firm, the structure, balance and amounts may differ. Variable remuneration is considerably reduced where subdued or negative financial performance for the firm occurs.

When assessing individual performance we use a robust performance review process with reviews including quantitative and qualitative criteria. Long term results are a factor in the assessment process.

##### 9.3 Aggregate Quantitative Information and Remuneration

We are subject to data protection legislation when disclosing remuneration information. The Data Protection Act prohibits disclosing information that will result in individual information being easily identified. Remuneration disclosures will therefore be made on a limited basis in terms of any publicly or Company wide availability. All necessary information will be made available to the FCA on request.