

Eight Roads Capital Advisors (UK) Limited

Company number: 06605826

Report and Financial Statements

for the year ended

31 December 2022

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Eight Roads Capital Advisors (UK) Limited

**Report and financial statements
For the year ended 31 December 2022**

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Directors

Kristina Isherwood
James Herbert
Suzanne O'Connell

Secretary and registered office

Eight Roads Services (UK) Limited
Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP

Company number

06605826

Independent Auditors

PricewaterhouseCoopers LLP, 141 Bothwell Street, Glasgow G2 7EQ

Eight Roads Capital Advisors (UK) Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their Strategic Report of Eight Roads Capital Advisors (UK) Limited (the "Company") for the year ended 31 December 2022.

Business review and principal activities

The principal activity of the Company is to provide investment research services and ancillary and general administration services for Eight Roads GP, a company incorporated in Bermuda, including the provision of factual information, research reports and investment proposals as Eight Roads GP may require from time to time.

The results for the Company are set out on page 10. The Company's profit for the year ended 31 December 2022 is £722,000 (2021: £725,000). The directors do not recommend the payment of a dividend (2021: nil).

The Company's balance sheet is set out on page 12 and shows net assets of £2,872,000.

The Company's responses to the crisis in Ukraine is set out on page 3.

Future development of the business

The Company's activities are expected to continue during the coming year.

Risk management

The Company is subject to operational risks and financial risks. The latter include the effect of changes in market risk, credit risk, and liquidity risk, which make up the principal financial risks and uncertainties facing the Company. The Company does not use derivative financial instruments and does not apply hedge accounting.

The Company is committed to a business strategy which supports the *proactive identification and assessment of risk*, and uses risk information to enhance informed decision making and develop appropriate mitigation strategies. The directors monitor risks associated with the Company and work closely with the Eight Roads group risk team to identify potential risks and deal with them.

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events. It is the largest risk to which the Company is exposed.

Operational risk arises from failures in the management of operations, processes or systems. This can result in errors, the inability to deliver change adequately, unavailability of systems, weaknesses in operational resilience, or the loss of data. It can also arise from a failure to identify and manage changes in law or regulations. The Company is also exposed to external threats, in particular, information security risks, financial crime risks and supplier and vendor risks. These risks can have an impact on the Company's reputation and its balance sheet.

The Company is actively managing all of these risks and employs a number of methods for mitigating operational risk, principally the implementation of systems and controls. Where services are provided by third parties, the Company performs due diligence processes and monitors and manages supplier performance. Risk assessments are performed regularly to identify and re-assess risks, controls and appropriate mitigation action.

Eight Roads Capital Advisors (UK) Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Market risk

The Company is exposed to various types of market risk: interest rate risk and foreign currency exchange rate risk.

Interest rate risk applies to interest bearing assets in the form of deposits and cash held with the Company's banks. Term deposit balances earn fixed rates of interest, and overnight deposits are subject to the interest rate available on the day.

Foreign currency exchange rate risk exists on investments and certain costs incurred but the potential impact of this is not considered to be material to the Company.

Credit Risk

The Company makes use of credit rating services of all the major credit rating agencies and has access to the research of brokerage firms and independent research companies.

Financial instruments exposure may only be to counterparties in accordance with the provisions of the Eight Roads Group Governance Policy. Surplus cash is carefully considered for placement with liquidity funds to improve credit risk exposure and reduce direct exposure to banks. Cash balances are held only with banks and liquidity funds with whom the Eight Roads group has strong, well-established relationships. Counterparty limits are used to manage the counterparty exposure.

Liquidity risk

The liquidity risk policy requires the Company to maintain a framework for the management of liquidity risk which is designed to try to ensure that the Company has sufficient surplus liquid resources to meet operational requirements. Accordingly, working capital balances are monitored closely on an ongoing basis.

Key performance indicators ("KPIs")

The directors use several financial key performance indicators ("KPIs") when reviewing the performance of the Company. Employee costs are the largest individual category of cost, and both total cost and headcount numbers are monitored closely. The total employee cost for the period and the headcount are shown in note 4.

At this time, non-financial KPIs are not a significant element of the business performance review; however the directors will continue to review their appropriateness.

Statement on Section 172(1) of the Companies Act 2006

Section 172 of the Companies Act 2006 ("s172") places a duty on directors to promote the success of the Company for the benefit of shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long-term, the need to act fairly between members of the Company, and the Company's wider relationships.

The directors have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of the Company's sole shareholder (Eight Roads UK Operations Limited - see note 16 in the financial statements). In doing so, they have had regard to a range of matters, including the impact of decisions in the long term, the interests of key stakeholders including employees, suppliers, customers, the community and the environment, and the reputation of the Company for high standards of business conduct.

Eight Roads Capital Advisors (UK) Limited

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Ukraine Crisis

The invasion of Ukraine has heightened global economic uncertainty and geopolitical risks. Eight Roads group continues to monitor the situation and its impact on our operating businesses and investment portfolio. Detailed impact assessments related to the situation have been provided to senior management and the Board at regular intervals since the crisis began. It is understood that market volatility is an inevitable and inherent consequence of Eight Roads Group's business model of early-stage investing, and we therefore have robust processes in place to deal with the elevated liquidity, cybersecurity, reputational and operational risks that may arise.

Sanctions have been imposed against Russia by numerous governments, including the UK, targeting individuals, companies and industry sectors. We continue to monitor and comply with all international economic sanctions that have been introduced and have further strengthened our investment due diligence processes in response to the heightened risks. From a supplier perspective Eight Roads Group has no direct exposure to Russia or Belarus counterparties or vendors at this time. The group has a system in place to evaluate new counterparties, vendors and portfolio companies in line with our internal policies and legal obligations.

Approval

The Strategic Report was approved on behalf of the Board on 20 September 2023.



K Isherwood
Director

Eight Roads Capital Advisors (UK) Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report together with the audited financial statements of the Company for the year ended 31 December 2022.

Directors

The directors of the Company during the year ended 31 December 2022 and up to the date of signing the financial statements (unless otherwise stated) are listed below:

Kristina Isherwood
James Herbert
Suzanne O'Connell

Dividends

The directors do not recommend the payment of an interim or final dividend (2021: nil).

Future developments

Information on future developments in the business of the Company has been included in the Strategic Report on page 1.

Financial risk management

Information on financial risk management of the Company has been included in the Strategic Report on pages 1 and 2.

Post balance sheet events

Management do not consider there to be any material post balance sheet events requiring additional disclosure within these financial statements.

Qualifying third party and pension scheme indemnity provisions

The directors of the Company have the benefit of indemnities in relation to the Company or an associated company which are qualifying third party indemnity provisions and qualifying pension scheme indemnity provisions, as defined by Sections 234 and 235 of the Companies Act 2006. In addition, during the period and at the date of approving this Directors' Report, the Company has maintained liability insurance for directors.

Charitable and political contributions

The Company did not make any charitable or political contributions during the period (2021: £nil).

Overseas Branch

The Company had a branch in Italy which closed with effect from 31 July 2022.

Eight Roads Capital Advisors (UK) Limited

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:


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

Independent auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as independent auditors for the ensuing year will be proposed at the annual general meeting.

Approval

The Directors' Report was approved on behalf of the Board of directors on 20 September 2023.


K Isherwood
Director

Eight Roads Capital Advisors (UK) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT ROADS CAPITAL ADVISORS (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Eight Roads Capital Advisors (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Profit and loss account, the Statement of comprehensive income, and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Eight Roads Capital Advisors (UK) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT ROADS CAPITAL ADVISORS (UK) LIMITED

Report on the audit of the financial statements (Continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Eight Roads Capital Advisors (UK) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT ROADS CAPITAL ADVISORS (UK) LIMITED

Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenses. Audit procedures performed by the engagement team included:

- Enquiries with management, including the compliance teams, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board of Directors;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and entries posted containing unusual journal descriptions, where any such journal entries were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Eight Roads Capital Advisors (UK) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EIGHT ROADS CAPITAL ADVISORS (UK) LIMITED

Report on the audit of the financial statements (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Laura McIntyre (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
20 September 2023

Eight Roads Capital Advisors (UK) Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Turnover		11,332	10,238
Administrative expenses		(10,426)	(9,258)
Operating profit	3	906	980
Interest receivable and similar income	6	9	2
Profit before taxation		915	982
Tax on profit	7	(193)	(257)
Profit for the financial year		722	725

The results for the current period and previous financial year derive from continuing operations.

The notes on pages 14-24 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Profit for the year	722	725
Currency translation differences on overseas branches	<u>3</u>	<u>1</u>
Total other comprehensive income for the year	3	1
Total comprehensive income for the year	<u>725</u>	<u>726</u>

The notes on pages 14-24 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

BALANCE SHEET AS AT 31 DECEMBER 2022

	<u>Note</u>	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Fixed assets	8	30	46
Tangible assets			
Current assets			
Debtors			
- amounts falling due within one year	9	1,242	1,577
Investments	10	2,513	2,004
Cash at bank		1,717	1,026
		<u>5,472</u>	<u>4,607</u>
Creditors: amounts falling due within one year	11	(2,630)	(2,506)
Net current assets		<u>2,842</u>	<u>2,101</u>
Net assets		<u>2,872</u>	<u>2,147</u>
Capital and reserves			
Called up share capital	12	10	10
Profit and loss account	13	2,862	2,137
Total shareholders' funds		<u>2,872</u>	<u>2,147</u>

The financial statements on pages 10 to 24 were approved by the Board of Directors on 20 September 2023 and signed on its behalf by:



K Isherwood
Director

Company registration number: 06605826

The notes on pages 14-24 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>Called up share Capital</u> £'000	<u>Profit and loss account</u> £'000	<u>Total shareholders' funds</u> £'000
Balance as at 1 January 2021	10	1,411	1,421
Profit for the financial year	-	725	725
Other comprehensive income for the year	-	1	1
Total comprehensive income for the year	-	726	726
Balance as at 31 December 2021 and 1 January 2022	<u>10</u>	<u>2,137</u>	<u>2,147</u>
Profit for the year	-	722	722
Other comprehensive income for the year	-	3	3
Total comprehensive income for the year	-	725	725
Balance as at 31 December 2022	<u>10</u>	<u>2,862</u>	<u>2,872</u>

The notes on pages 14-24 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal accounting policies

General information

Eight Roads Capital Advisors (UK) Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP

Statement of compliance

The financial statements of Eight Roads Capital Advisors (UK) Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The Company's results are included in the consolidated financial statements of Eight Roads UK Operations Limited which are publicly available.

The financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards on the historical cost basis.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements are prepared in Pound Sterling which is the functional currency of the Company and rounded to the nearest £'000.

Turnover

Turnover, which arises primarily from the Company's principal activity, represents fees receivable on a cost plus transfer pricing method for the provision of investment advisory services to a fellow subsidiary undertaking, Eight Roads GP, a company incorporated in Bermuda, net of any value-added tax. Turnover is recognised on an accrual basis as advisory services are provided.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes expenditure that is directly attributable to making the asset capable of operating in the manner intended.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, over their estimated useful lives, using the straight-line method. The estimated useful lives as follows:

Computer Equipment - 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of 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 the profit and loss account.

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and value in use.

All non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased. A reversal of an impairment loss is recognised in profit or loss.

Current asset investments

Current asset investments comprise investments in money market funds. Current asset investments are measured at fair value with changes in fair value recognised in profit or loss. Interest income arising on these funds is recognised on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank.

Debtors

Short-term debtors, with no stated interest rate and receivable within one year, are measured at transaction price less any impairment. Any losses arising from impairment are recognised in the profit and loss account. All debt instruments which are basic financial instruments are measured at amortised cost using the effective interest method, less any impairment.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal accounting policies (continued)

Creditors

Short-term creditors, with no stated interest rate and payable within one year, are measured at transaction price. Other financial liabilities are measured at amortised cost.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the balance sheet date.

Foreign currency translation

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

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or 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.

Deferred 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 income tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal accounting policies (continued)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Pension costs

The Company participates in a defined contribution pension scheme administered by FIL Investment Management Limited. The Company receives an allocation of the pensions costs for those individuals that provide services to the Company through a service level agreement.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

· Tangible fixed assets and intangible assets

Tangible fixed assets, other than freehold land, artwork and antiques, and computer software are depreciated or amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account

· Tax on profit (see note 7)

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of future planning strategies.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

3 Operating profit

This is arrived at after crediting / (charging):

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Intra-group allocations - turnover	11,332	10,238
Employee Compensation and Benefits	(8,673)	(8,013)
Other Operating Expenses	(1,753)	(1,245)
	<hr/>	<hr/>

Fees paid to the Company's auditors, PricewaterhouseCoopers LLP for the audit of the Company were £7,325 (2021: £7,325). There were no fees for other services in current year (2021: £nil).

4 Employee information

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Staff costs (including directors) consist of:		
Wages and salaries	7,129	6,746
Social security costs	1,073	959
Other pension costs	471	308
	<hr/>	<hr/>
	8,673	8,013
	<hr/>	<hr/>

There were no outstanding or prepaid contributions to the pension scheme at 31 December 2022 (2021: £nil).

The average monthly number of employees during the current year and previous period was:

	<u>2022</u> <u>Number</u>	<u>2021</u> <u>Number</u>
Investment professionals	19	17
Administration	7	3
	<hr/>	<hr/>
	26	20
	<hr/>	<hr/>

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

5 Directors' remuneration

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Aggregate directors' emoluments	146	275
Aggregate amounts receivable under long-term incentive plans	36	91
Company pension contributions to defined contribution schemes	1	4
	<u>183</u>	<u>370</u>

During the current year, retirement benefits were accruing for two of the directors (2021: two) under a defined contribution scheme. No benefits accrued to directors under the defined benefit scheme (2021: none).

Emoluments of the highest paid director in 2022 were £97,039 (2021: £159,656).

Company pension contributions of £500 (2021: £2,000) were made for the year on their behalf.

6 Interest receivable and similar income

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Other interest receivable	0	2
Income from current asset investments	9	0
	<u>9</u>	<u>2</u>

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

7 Tax on profit

(a) The charge for tax on profit is made up as follows:

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Current taxation		
UK corporation tax on profit for the year	1	-
Overseas corporation tax on profit for the year	3	7
Adjustment to group relief in respect of current year	148	132
Adjustment in respect of previous periods	-	76
Total current tax	<u>152</u>	<u>215</u>
Deferred taxation		
Origination and reversal of timing differences	41	42
Charge	<u>193</u>	<u>257</u>

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

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Profit before taxation	<u>915</u>	<u>982</u>
UK corporation tax on profit at 19% (2021: 19%)	174	187
Adjustments:		
Rate differences in overseas tax	(4)	1
Adjustments in respect of prior years	0	76
Expenses not deductible for tax purposes	23	1
Permanent differences other	(17)	0
Prior year deferred tax movement	17	(9)
Total tax charge	<u>193</u>	<u>257</u>

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

7 Tax on profit (Continued)

(c) The movements on the deferred tax (liabilities)/assets are as follows:

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Deferred tax asset at the beginning of the year	34	76
Charge	(41)	(42)
Deferred tax (liabilities)/assets at 31 December	<u>(7)</u>	<u>34</u>

(d) The deferred tax (liabilities)/assets in the balance sheet consists of:

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Fixed Asset	(7)	34
	<u>(7)</u>	<u>34</u>

The net reversal of deferred tax assets and liabilities which are expected to be recognised in 2023 is (£7,153) (2022: £33,901) This is expected to arise because of the unwinding of timing differences within Capital Allowances. As the future deferred tax balances, if any, will be dependent on future changes in fair values of assets and liabilities, it is not possible to estimate any further future reversals.

The Finance Act 2021, which received Royal Assent on 10 June 2021, announced that the current Corporation Tax rate of 19% in the UK would rise to 25% from 1st April 2023.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

8 Tangible Assets

	<u>Computer Equipment</u> £'000
Cost or Valuation	
As at 1 Jan 2022	49
Additions	-
At 31 December 2022	49
Accumulated Depreciation at Jan 1, 2022	3
Charge for the year	16
At 31 December 2022	19
Net book value At 31 December 2022	30

9 Debtors: amounts falling due within one year

	<u>2022</u> £'000	<u>2021</u> £'000
Amounts owed by group undertakings	812	1,350
Other debtors	88	68
VAT recoverable	60	35
Corporation tax recoverable	282	90
Deferred tax asset (note 7)	-	34
	1,242	1,577

Amounts owed by fellow group undertakings are unsecured, interest free and have no fixed date of repayment, effectively repayable on demand.

10 Investments

	<u>2022</u> £'000	<u>2021</u> £'000
Mutual and collective fund investments	2,513	2,004

The above current asset investments are all in money market funds. The Directors believe that the carrying value of the current asset investments is supported by their underlying net assets.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

11 Creditors: amounts falling due within one year

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Trade creditors	162	58
Other creditors and accrued expenses	911	594
Amounts owed to group undertakings	166	142
Other taxation and social security costs	1,384	1,712
Deferred tax liabilities (note 7)	7	-
	<u>2,630</u>	<u>2,506</u>

Amounts owed to fellow group undertakings are unsecured, interest free and have no fixed date of repayment, effectively repayable on demand.

12 Called up share capital

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Allotted, called up and fully paid 10,000 (2021: 10,000) ordinary shares of £1 each	<u>10</u>	<u>10</u>

13 Profit and loss account

This reserve includes all current and prior periods retained profits and losses.

14 Contingent amounts

The Company does not have any contingent liabilities as at 31 December 2022 (2021: nil).

15 Financial instruments

	<u>2022</u> <u>£'000</u>	<u>2021</u> <u>£'000</u>
Financial assets		
Financial assets held at fair value through profit or loss	2,513	2,004
Financial assets held at amortised cost	2,617	2,444
	<u>5,131</u>	<u>4,448</u>
Financial liabilities		
Financial liabilities measured at amortised cost	1,239	794
	<u>1,239</u>	<u>794</u>

Financial assets measured at fair value through profit or loss comprise current asset investments held in money market funds.

Financial assets measured at amortised cost comprise cash at bank, notes receivable and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise accounts payable and accrued liabilities.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2022

16 Ultimate parent undertaking and controlling party

Eight Roads UK Operations Limited, a company registered in the UK, is the immediate parent company and the parent undertaking of the smallest group of undertakings to consolidate these financial statements and make them publicly available. Copies of Eight Roads UK Operations Limited consolidated financial statements can be obtained from Company Secretary, Eight Roads Services (UK) Limited, Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP.

Eight Roads Shareholdings Limited, a company incorporated in Bermuda, is the ultimate parent undertaking and controlling party and is the parent undertaking of the largest group of undertakings to consolidate these financial statements.

17 Statement of cash flows and related party transactions

The Company has taken advantage of the exemption permitted by section 1.12 of FRS 102 from preparing a statement of cash flows. The Company is a subsidiary of Eight Roads UK Operations Limited and is included in its consolidated financial statements which are publicly available.

The Company has also taken advantage of the exemption permitted by section 33.1A of FRS 102 not to disclose related party transactions with entities that are wholly owned subsidiaries of the Eight Roads Shareholdings Limited group.

Amounts owed by and amounts due to fellow subsidiary undertakings are disclosed in notes 9 and 11.

Key management personnel include all directors across the group who together have authority and responsibility for planning, directing and controlling the activities of the Company. No compensation, other than as disclosed in note 5, was paid to key management personnel for services provided to the company.

18 Subsequent Events

There were no other events through 20 September 2023, which is the date the financial statements were available to be issued that required adjustments to the financial statements or disclosures in the notes.