

Eight Roads Capital Advisors (UK) Limited

Company number: 06605826

**Report and Financial Statements
for the 18 month period ended
31 December 2020**



Eight Roads Capital Advisors (UK) Limited

Report and financial statements

For the 18 month period ended 31 December 2020

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Directors

Kristina Isherwood
James Herbert
Suzanne O'Connell

Secretary and registered office

David Fallon
Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP

Company number

06605826

Independent Auditors

PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

Eight Roads Capital Advisors (UK) Limited

STRATEGIC REPORT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

The directors present their Strategic Report of Eight Roads Capital Advisors (UK) Limited (the "Company") for the 18 month period ended 31 December 2020.

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 (formerly known as FIL Capital Management Limited), 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.

On 30th September 2019, Eight Roads Holdings Limited ("ERHL"), an intermediary holding company, demerged from FIL Limited and Eight Roads Shareholdings Limited, a company incorporated in Bermuda, became the ultimate parent undertaking and controlling party, see note 15 for more details.

The results for the Company are set out on page 9. The Company's profit for the 18 month period ended 31 December 2020 is £1,056,000 (2019: £483,000). The directors approved an interim dividend amounting to £2,000,000 during the period, which was paid on 28 April 2020 (2019: £nil).

The Company's balance sheet is set out on page 11 and shows net assets of £1,421,000.

The Company's response to COVID-19 is set out on page 3.

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 risk department to identify potential risks and deal with them.

The Company demerged from the FIL Limited group on 30 September 2019 but maintains access to various functions through Service Level Agreements which provide a global and independent perspective to assist senior management with establishing policies and procedures for effective control and risk management. These functions include information technology, compliance, internal audit and investigation and intelligence departments.

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.

Eight Roads Capital Advisors (UK) Limited

STRATEGIC REPORT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

Operational Risk (Continued)

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.

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. The Company has implemented policies that require credit checks where appropriate on potential customers. This policy limits the potential for large overdue accounts and bad debts.

Financial instruments exposure may only be to counterparties under guidelines approved by the Board of ERHL or Chief Financial Officer. 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 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.

Eight Roads Capital Advisors (UK) Limited

STRATEGIC REPORT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

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 18 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.

Response to COVID-19

The emergence of the coronavirus (COVID-19) disease has caused significant volatility and uncertainty within the global economy and financial markets and significant personal dislocation for the Company's employees. The Company has responded to the COVID-19 crisis with appropriate consideration given to the impact on each of its key stakeholder groups and the directors have been kept informed of key developments and management actions; taking key decisions as necessary. Throughout the pandemic, the Company has continued to maintain adequate liquidity to support the business in meeting its obligations and upholds the highest standards of business conduct. The Company did not participate in any emergency government support schemes relating to COVID-19.

Approval

The Strategic Report was approved on behalf of the Board on 21 September 2021.



K Isherwood
Director

Eight Roads Capital Advisors (UK) Limited

DIRECTORS' REPORT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

The directors present their report together with the audited financial statements of the Company for the 18 month period ended 31 December 2020.

Directors

The directors of the Company during the 18 month period ended 31 December 2020 and up to the date of signing the financial statements (unless otherwise stated) are listed below:

John Fraser Milne Mckie (resigned 31 March 2021)
Ranjani Kearsley (resigned 31 March 2021)
Kristina Isherwood
James Herbert (appointed 31 March 2021)
Suzanne O'Connell (appointed 31 March 2021)

Dividends

The directors approved an interim dividend amounting to £2,000,000 (2019: £nil), which was paid on 28 April 2020.

Future developments

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

Change of accounting period

The Board approved a change to the accounting reference date of the company from 30 June to 31 December. These financial statements therefore reflect a eighteen-month accounting period from 1 July 2019 to 31 December 2020. The comparative amounts presented in the Profit and loss account, Statement of comprehensive income, Statement of changes in equity, and the related notes are for the twelve months from 1 July 2018 to 30 June 2019.

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 (2019: £nil).

Overseas Branch

The Company has a branch in Italy

Eight Roads Capital Advisors (UK) Limited

DIRECTORS' REPORT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 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 the 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 auditors for the ensuing year will be proposed at the annual general meeting.

Approval

The Directors' Report was approved on behalf of the Board on 21 September 2021.



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 2020 and of its profit and cash flows for the 18 month period then ended;
- have been properly prepared 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); 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 "Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account, the Statement of comprehensive income, the Statement of cash flows, and the Statement of changes in equity for the period 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 period ended 31 December 2020 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, 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.

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.

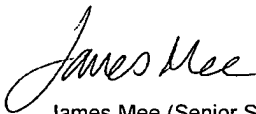
Other required reporting

Companies Act 2006 exception reporting

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

- we have not received 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.



James Mee (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 September 2021

Eight Roads Capital Advisors (UK) Limited

PROFIT AND LOSS ACCOUNT FOR THE 18 MONTH PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2020

		<u>18 months</u> <u>ended 31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>12 months</u> <u>ended 30</u> <u>June 2019</u> <u>£'000</u>
	<u>Note</u>		
Turnover		11,216	6,392
Administrative expenses		(10,184)	(5,810)
Operating profit	3	1,032	582
Interest receivable and similar income	6	17	21
Profit before taxation		1,049	603
Tax on profit	7	7	(120)
Profit for the financial period / year		1,056	483

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

The notes on pages 14-23 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE 18 MONTH PERIOD FROM 1 JULY 2019 TO 31 DECEMBER 2020

	<u>18 months</u> <u>ended 31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>12 months</u> <u>ended 30</u> <u>June 2019</u> <u>£'000</u>
Profit for the financial period/year	1,056	483
Currency translation differences on overseas branches	<u>5</u>	<u>(4)</u>
Total other comprehensive income/(expense) for the period/ year	5	(4)
Total comprehensive income for the period/ year	<u><u>1,061</u></u>	<u><u>479</u></u>

The notes on pages 14-23 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

BALANCE SHEET AS AT 31 DECEMBER 2020

		<u>31 December</u> <u>2020</u> <u>£'000</u>	<u>30 June</u> <u>2019</u> <u>£'000</u>
	<u>Note</u>		
Current assets			
Debtors			
- amounts falling due within one year	8a	847	656
- amounts falling due after more than one year	8b	54	31
Investments	9	604	3,795
Cash at bank and in hand		1,785	339
		<hr/>	<hr/>
		3,290	4,821
Creditors: amounts falling due within one year	10	(1,869)	(2,461)
		<hr/>	<hr/>
Net current assets		1,421	2,360
		<hr/>	<hr/>
Net assets		1,421	2,360
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	10	10
Profit and loss account	12	1,411	2,350
		<hr/>	<hr/>
Total shareholders' funds		1,421	2,360
		<hr/>	<hr/>

The financial statements on pages 9 to 23 were approved by the Board of Directors on 21 September 2021 and signed on its behalf by:



K Isherwood
Director

Company registration number: 06605826

The notes on pages 14-23 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

STATEMENT OF CHANGES IN EQUITY FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

	<u>Called up</u> <u>share Capital</u> £'000	<u>Profit and loss</u> <u>account</u> £'000	<u>Total</u> <u>shareholders'</u> <u>funds</u> £'000
At 1 July 2018	10	1,871	1,881
Profit for the financial year	-	483	483
Other comprehensive expense for the year		(4)	(4)
Total comprehensive income for the year	-	479	479
At 30 June 2019	10	2,350	2,360
Profit for the period	-	1,056	1,056
Other comprehensive income for the period	-	5	5
Total comprehensive income for the period	-	1,061	1,061
Dividend	-	(2,000)	(2,000)
At 31 December 2020	10	1,411	1,421

Eight Roads Capital Advisors (UK) Limited

STATEMENT OF CASH FLOWS FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

		<u>18 months ended 31 December 2020</u>	<u>12 months ended 30 June 2019</u>
	<u>Note</u>	<u>£'000</u>	<u>£'000</u>
Cash flows from operating activities			
Profit for the financial year		1,056	483
Adjustments for:			
Interest receivable and similar income	6	(17)	(21)
Taxation	7	(7)	120
(Increase)/ decrease in trade and other debtors		(185)	1,544
(Decrease) in trade and other creditors		(605)	(97)
		<hr/>	<hr/>
Cash generated from operations		242	2,029
Tax paid		(4)	(178)
		<hr/>	<hr/>
Net cash generated from operations		238	1,851
		<hr/>	<hr/>
Cash flows from investing activities			
Income from current asset investments		17	20
		<hr/>	<hr/>
Net cash generated from investing activities		17	20
		<hr/>	<hr/>
Cash flows from financing activities			
Dividend payment		(2,000)	-
		<hr/>	<hr/>
Net cash used in financing activities		(2,000)	-
		<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents		(1,745)	1,872
Cash and cash equivalents at the beginning of the year		4,134	2,262
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		<u>2,389</u>	<u>4,134</u>
		<hr/>	<hr/>
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,785	339
Investments		604	3,795
		<hr/>	<hr/>
Cash and cash equivalents		<u>2,389</u>	<u>4,134</u>

The notes on pages 14-23 form an integral part of these financial statements.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

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 is 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.

Change of accounting period

The Board approved a change to the accounting reference date of the company from 30 June to 31 December. These financial statements therefore reflect a eighteen-month accounting period from 1 July 2019 to 31 December 2020. The comparative amounts presented in the Profit and loss account, Statement of comprehensive income, Statement of changes in equity, and the related notes are for the twelve months from 1 July 2018 to 30 June 2019.

Turnover

Turnover, which arises primarily from the Company's principal activity, represents fees receivable 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 as earned on an accrual basis.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

1 Principal accounting policies (continued)

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 and in hand. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and in hand, short term deposits and investments with an original maturity date of three months or less, net of outstanding bank overdrafts.

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.

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.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

1 Principal accounting policies (continued)

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.

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.

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.

- Taxation (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 18 MONTH PERIOD ENDED 31 DECEMBER 2020

3 Operating profit

This is arrived at after crediting / (charging):

	<u>18 months</u> <u>ended 31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>12 months</u> <u>ended 30</u> <u>June 2019</u> <u>£'000</u>
Intra-group allocations -turnover	11,216	6,392
Occupancy Cost	(68)	(259)
Employee Compensation and Benefits	(8,497)	(4,007)
Other Operating Expenses	(1,619)	(1,544)
Foreign exchange differences	-	-

Fees paid to the Company's auditors, PricewaterhouseCoopers LLP for the audit of the Company were £7,325 (2019: £7,594). There were no fees for other services in current period (2019: £nil).

4 Employee Information

	<u>18 months</u> <u>ended 31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>12 months</u> <u>ended 30</u> <u>June 2019</u> <u>£'000</u>
Staff costs (including directors) consist of:		
Wages and salaries	7,043	3,347
Social security costs	1,012	449
Other pension costs	442	211
	<u>8,497</u>	<u>4,007</u>

There were no outstanding or prepaid contributions to the pension scheme at 31 December 2020 (2019: £nil).

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

	<u>18 months</u> <u>ended 31</u> <u>December</u> <u>2020</u> <u>Number</u>	<u>12 months</u> <u>ended 30</u> <u>June 2019</u> <u>Number</u>
Investment professionals	12	11
Administration	5	4
	<u>17</u>	<u>15</u>

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

5 Directors' remuneration

	<u>18 months</u> <u>ended 31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>12 months</u> <u>ended 30</u> <u>June 2019</u> <u>£'000</u>
Aggregate Directors' emoluments	66	146
Aggregate amounts receivable under long term incentive plans	9	29
Company pension contributions to defined contribution schemes	2	7
	<u>77</u>	<u>182</u>

During the current period, retirement benefits were accruing for two of the directors (2019: three) under a defined contribution scheme. No benefits accrued to directors under the defined benefit scheme (2019: none).

Emoluments of the highest paid Director for the 18 month period were £ 42,363 (2019: £152,302).

Company pension contributions of £2,400 (2019: £6,415) were made for the 18 month period on their behalf.

6 Interest receivable and similar income

	<u>18 months</u> <u>ended 31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>12 months</u> <u>ended 30</u> <u>June 2019</u> <u>£'000</u>
Other interest receivable	8	10
Income from current asset investments	9	11
	<u>17</u>	<u>21</u>

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

7 Tax on profit

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

	<u>18 months ended 31 December 2020 £'000</u>	<u>12 months ended 30 June 2019 £'000</u>
Current taxation		
UK corporation tax on profit for the year	-	111
Overseas corporation tax on profit for the year	20	4
Adjustments in respect of prior years group relief	-	(6)
Adjustment in respect of previous periods	11	-
Total current tax	<u>31</u>	<u>109</u>
Deferred taxation		
Origination and reversal of timing differences	(38)	11
Tax (credit)/charge on profit	<u>(7)</u>	<u>120</u>

(b) The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	<u>31 December 2020 £'000</u>	<u>30 June 2019 £'000</u>
Profit before taxation	<u>1,049</u>	<u>603</u>
UK corporation tax on profit at 19% (2019: 19%)	199	115
Adjustments:		
Rate differences in overseas tax	6	1
Adjustments in respect of prior years	12	(8)
Expenses not deductible for tax purposes	217	1
Group relief without any actual payment	(441)	-
Prior year deferred tax movement	-	11
Total tax (credit)/charge	<u>(7)</u>	<u>120</u>

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

7 Tax on profit (Continued)

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

	<u>31 December</u> <u>2020</u> <u>£'000</u>	<u>30 June 2019</u> <u>£'000</u>
Deferred tax asset at 1 July	38	49
Deferred tax credit/(charge) in the profit and loss account	38	(11)
Deferred tax asset at 31 December	<u>76</u>	<u>38</u>

(d) The deferred tax asset in the balance sheet consists of:

	<u>31 December</u> <u>2020</u> <u>£'000</u>	<u>30 June 2019</u> <u>£'000</u>
Bonus - prior year short term timing differences	76	38
	<u>76</u>	<u>38</u>

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised in these financial statements.

The net reversal of deferred tax assets and liabilities expected in 2021 is £22,179 (2019: £6,755). This is expected to arise because of the unwinding of timing differences within staff bonus. 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 current UK Corporation Tax rate is 19%. Following a Budget 2021 announcements, there will be an increment in the main rate of UK corporation tax to 25% from 1 April 2023.

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

8a Debtors: amounts falling due within one year

	<u>31 December</u> <u>2020</u> <u>£'000</u>	<u>30 June</u> <u>2019</u> <u>£'000</u>
Amounts owed by fellow group undertakings	555	23
Other debtors	228	551
VAT recoverable	42	31
Corporation tax recoverable	-	44
Deferred tax asset (note 7)	22	7
	<u>847</u>	<u>656</u>

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

8b Debtors: amounts falling due after more than one year

	<u>31 December</u> <u>2020</u> <u>£'000</u>	<u>30 June</u> <u>2019</u> <u>£'000</u>
Deferred tax asset (note 7)	<u>54</u>	<u>31</u>

9 Investments

	<u>31 December</u> <u>2020</u> <u>£'000</u>	<u>30 June</u> <u>2019</u> <u>£'000</u>
Mutual and collective fund investments	<u>604</u>	<u>3,795</u>

The above current asset investments are all in FIL Institutional Liquidity Funds. The Directors believe that the carrying value of the current asset investments is supported by their underlying net assets.

10 Creditors : amounts falling due within one year

	<u>31 December</u> <u>2020</u> <u>£'000</u>	<u>30 June</u> <u>2019</u> <u>£'000</u>
Trade creditors	34	58
Other creditors and accrued expenses	615	1,762
Amounts owed to fellow group undertakings	4	554
Other taxation and social security costs	1,204	87
Corporation tax payable	12	-
	<u>1,869</u>	<u>2,461</u>

Eight Roads Capital Advisors (UK) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - continued FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2020

10 Creditors : amounts falling due within one year (Continued)

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

11 Called up share capital

	<u>31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>30 June</u> <u>2019</u> <u>£'000</u>
Allotted, called up and fully paid		
10,000 (2019: 10,000) ordinary shares of £1 each	10	10

12 Reserves

Profit and loss account

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

13 Contingent amounts

The Company does not have any contingent liabilities as at 31 December 2020 (2019: nil).

14 Financial instruments

	<u>31</u> <u>December</u> <u>2020</u> <u>£'000</u>	<u>30 June</u> <u>2019</u> <u>£'000</u>
Financial assets		
Financial assets held at fair value through profit or loss	604	3,795
Financial assets held at amortised cost	2,568	913
	<u>3,172</u>	<u>4,708</u>
Financial liabilities		
Financial liabilities measured at amortised cost	653	2,374
	<u>653</u>	<u>2,374</u>

Financial assets measured at fair value through profit or loss comprise current asset investments held in FIL Institutional Liquidity Funds.

Financial assets measured at amortised cost comprise cash at bank and in hand, 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 18 MONTH PERIOD ENDED 31 DECEMBER 2020

15 Ultimate parent undertaking and controlling party

On 1st May 2020, following the transfer of the Company's share capital from Eight Roads Holdings Limited, a company registered in Bermuda, Eight Roads UK Operations Limited, a company registered in the UK became the immediate parent company.

The ultimate parent undertaking and controlling party until 29th September 2019 was FIL Limited, a company incorporated in Bermuda, and was the parent undertaking of the largest group of undertakings to consolidate these financial statements.

On 30th September 2019, ERHL, an intermediary holding company, demerged from FIL Limited. Following the demerger, Eight Roads Shareholdings Limited, a company incorporated in Bermuda, became the ultimate parent undertaking and controlling party from 30 September 2019 and is the parent undertaking of the largest group of undertakings to consolidate these financial statements.

Eight Roads UK Operations Limited is 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 UK Operations Limited, Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, United Kingdom, KT20 6RP

16 Related party transactions

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 FIL Limited and Eight Roads Shareholdings Limited group.

Amounts owed by and amounts due to fellow subsidiary undertakings are disclosed in notes 8a and 10.

Key management personnel include all directors and senior managers 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 group.

17 Subsequent Events

There were no other events through 21 September 2021, which is the date the financial statements were available to be issued that required adjustments to the financial statements or disclosures in the notes.