Bentley Reid & Co (UK) Limited

Annual report and financial statements

for the year ended 31 December 2022

Registered number: 07602886

Bentley Reid & Co (UK) Limited

Report and financial statements 2022

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Company information

Directors

Rupert Thomas Bentley (Chairman)
Peter Clark (Group Chief Executive Officer)
Andrew Hurst
George Holmes

Registered Office

3rd Floor
29 Queen Anne's Gate
London
SW1H 9BU

Registered number

07602886

Bankers

Clydesdale Bank Plc (Virgin Money)
122 Leadenhall Street
London
EC3V 4AB

Auditors

Mazars LLP
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Bentley Reid & Co (UK) Limited

Strategic Report

Business review

The key financial performance indicators during the year were as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	4,103,639	4,220,921
Operating profit	1,155,919	1,390,373

Revenue from continuing operations decreased by 2.78% during the year, primarily due to the economic downturn driven by the geopolitics in Russia. Assets Under Management decreased during the year by £46m to £617m.

Operating profit decreased by 16.86% during the year. This is a direct result of the decrease in revenues with a 4.14% increase in overheads.

Principal risks and uncertainties

The directors formally review risks of the Company and establish appropriate procedures and controls to monitor and mitigate them.

The Pillar 3 disclosure is included under Appendix 1 ensuring effective capital allocation and that all risks are quantified.

The directors have considered the principal risks and uncertainties of the Company as discussed below.

Market and reputational risk

A general market downturn leading to loss in investor confidence, or damage to the Company's reputation, for instance, because of unsatisfactory investment performance, may lead to a fall in assets under management and reduced revenues.

Operational risk

The directors have considered the impact on the Company of Brexit and do not see any impact on the day-to-day operations of the business. The Company has consulted with Link (our Authorised Corporate Director of our OEIC range of funds) and continue to be in regular contact with them regarding the changes that will take place in respect of the applicable UCITS legislation.

To reduce the risk of loss resulting from inadequate or failed processes, people and systems, or from external events, the firm has a well-structured system of processes and controls.

Through the set-up and implementation of effective operational and compliance procedures and adequate training of staff, material operational risks are mitigated to an acceptable level.

Liquidity risk

Liquidity risk arises from the Company's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables. The directors do not consider the Company to have a significant exposure to risk relating to liquidity due to close monitoring of trade receivables and payables, combined with weekly cash reporting.

Credit risk

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. The directors do not consider the Company to have significant exposure to credit risk as the majority of the Company's revenue is received as management fees from other Bentley Reid Group companies in line with agreed service level agreements.

Regulatory risk

Regulatory risk is the risk that the Company does not comply with relevant regulatory legislation and any other regulatory requirements, which could jeopardise the Company's regulatory licence. In addition, the regulatory environment in which the Company operates is subject to changes that could be adverse to the Company and to its investors.

In order to comply with the regulatory compliance requirements the Company has implemented and documented procedures within a Compliance Manual. All operations and business risk monitoring is carried out by a third party compliance and regulatory consultancy firm, and they will report all findings to the directors, which has established a process for identifying, evaluating and managing the significant risks the Company faces through the corporate governance system.

This report was approved by the Board on 17th March 2023 and signed on its behalf by:

Peter Clark
Director

Bentley Reid & Co (UK) Limited

Directors' report

Directors of the company

The current directors are shown on page 1.

The directors, who held office during the year, are given below:

Rupert Thomas Bentley
Peter Clark
George Holmes
Andrew Hurst

Dividends

Based upon retained earnings the board of directors declared a dividend payment of £1,100,000 (2021: £1,100,000).

Future developments

The directors aim to maintain the management policies, which have resulted in the Company's substantial growth in recent years. They consider that the next year will focus on further growth in sales from continuing operations.

Financial instruments

No financial instruments were used to manage financial risk throughout the year (2021: none).

Capital structure

A group-wide scheme is administered by Bentley Reid (Holdings) Limited ("ultimate parent"), which wholly owns the immediate parent Bentley Capital Limited. The share capital remains at £1,000,000 (2021: £1,000,000).

The Company must maintain minimum levels of share capital and liquid assets to meet the requirements set by the Financial Conduct Authority. These requirements have been met throughout the year.

Donations

Charitable donations of £1,261 (2021: £250) were made during the year.

Coronavirus and Brexit

The directors have considered the impact of the current Coronavirus threat and performed stress tests on current revenue, results of which are detailed in the latest ICARA document. As a result, reduction in revenue of 50% would result in the capital resource requirement falling below the required levels after 13 months. The directors remain confident the AUMs will remain robust, constantly focusing on new and improved strategies to ensure the integrity of the clients. The directors will continue to monitor the situation during these uncertain times.

The directors do not anticipate any material impact on the financial statements because of Brexit but are aware that regulations will continue to change as the process evolves so will monitor the progress closely.

Despite the impact of Brexit and Covid the directors still believe that the going concern basis of preparation is still appropriate.

Russian-Ukraine Conflict

The Russian-Ukraine conflict has triggered turmoil in the financial markets, and drastically increased uncertainty about the recovery of the global economy. The Company has no direct exposure to Russia, Belarus or Ukraine through operations, employees or investments and sanctions are checked on a daily basis with regards to all stakeholders to the business.

The Directors do not foresee this conflict having any impact on the ability to continue as a going concern, but the situation will continue to be closely monitored.

Directors' report

Disclosure of information to auditor

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 auditor is unaware; and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Mazars LLP as auditor of the Company.

This report was approved by the Board on 17th March 2023 and signed on its behalf by:

Peter Clark
Director

Bentley Reid & Co (UK) Limited

Directors' responsibilities statement

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 International Financial Reporting Standards as adopted by the European Union. 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 and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make an assessment of the Company's ability to continue as a going concern.

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 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

Bentley Reid & Co (UK) Limited

Independent auditor's report to the members of Bentley Reid & Co (UK) Limited

Opinion

We have audited the financial statements of Bentley Reid & Co (UK) Limited (the 'company') for the year ended 31 December 2022 which comprise Statement of profit or loss and other comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK – adopted international accounting standards.

In our opinion, the 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 UK – adopted international accounting standards; 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 "Auditor's 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 UK, including the FRC'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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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 authorized for issue.

Independent auditor's report to the members of Bentley Reid & Co (UK) Limited

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

Opinions 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 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

Independent auditor's report to the members of Bentley Reid & Co (UK) Limited

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the UK tax legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, and money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

Independent auditor's report to the members of Bentley Reid & Co (UK) Limited

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, revenue recognition (which we pinpointed to the cut off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Stephen Eames

Stephen Eames (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
Bucks MK9 1FF

Date: 17th March 2023

Bentley Reid & Co (UK) Limited

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Revenue	2	4,103,639	4,220,921
Administrative expenses		(2,947,721)	(2,830,548)
Operating profit		1,155,918	1,390,373
Interest receivable		3,456	873
Foreign exchange loss		(3,342)	(3,007)
Profit before taxation		1,156,032	1,388,239
Taxation			
Tax charge on profit	6	(184,663)	(228,536)
Profit after taxation and total comprehensive income for the year		971,369	1,159,703
Attributable to:			
Shareholders of the Company		971,369	1,159,703

All activities derive from continuing operations.

The notes on pages 15 to 33 form part of these financial statements.

Bentley Reid & Co (UK) Limited

Statement of financial position
At 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Assets			
Non-current assets			
Intangible assets	8	43,058	44,405
Property, plant and equipment	9	29,094	23,830
Right of use assets	17	389,739	635,890
		461,891	704,125
Current assets			
Trade and other receivables	10	690,822	854,701
Cash and cash equivalents	14	1,755,246	1,745,024
		2,446,068	2,599,725
Total assets		2,907,959	3,303,850
Current liabilities			
Trade and other payables	11	(309,113)	(317,997)
Lease Liabilities	17	(391,037)	(635,027)
Current tax liabilities		(110,440)	(123,401)
Non Current Liabilities			
Deferred tax liability	6	(8,008)	(9,435)
		(818,598)	(1,085,860)
Net assets		2,089,361	2,217,990
Capital and reserves			
Share capital	13	1,000,000	1,000,000
Retained Earnings		1,089,361	1,217,990
Total equity shareholders' funds		2,089,361	2,217,990

The notes on pages 15 to 33 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 17th March 2023 and were signed on its behalf by:

Peter Clark
Director

Company registration number 07602886

Statement of changes in equity
At 31 December 2022

	Note	Share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2021		1,000,000	1,158,287	2,158,287
Total comprehensive income for the year		-	1,159,703	1,159,703
Dividends	7	-	(1,100,000)	(1,100,000)
Balance as at 31 December 2021		1,000,000	1,217,990	2,217,990
Balance as at 1 January 2022		1,000,000	1,217,990	2,217,990
Total comprehensive income for the year		-	971,371	971,371
Dividends	7	-	(1,100,000)	(1,100,000)
Balance as at 31 December 2022		1,000,000	1,089,361	2,089,361

The notes on pages 15 to 33 form part of these financial statements.

Bentley Reid & Co (UK) Limited

Statement of cash flows
For the year ended 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Net cash from operating activities	14	1,139,114	1,309,179
Investing activities			
Interest received		3,456	873
Purchases of property, plant and equipment		(16,291)	(12,947)
Purchases of computer software		(16,057)	(14,499)
Purchases of lease asset		-	(17,501)
Net cash used in investing activities		(28,892)	(44,074)
Financing activities			
Dividends paid		(1,100,000)	(1,100,000)
Repayment of lease liabilities		-	(201,637)
Net cash used in financing activities		(1,100,000)	(1,301,637)
Net increase in cash and cash equivalents		10,222	(36,532)
Cash and cash equivalents at beginning of the year		1,745,024	1,781,556
Cash and cash equivalents at the end of the year	14	1,755,246	1,745,024

The notes on pages 15 to 33 form part of these financial statements.

1. Accounting policies

Statement of compliance

Bentley Reid & Co (UK) Ltd is a limited liability company incorporated in England. The Registered Office is 29 Queen Anne's Gate, London, SW1H 9BU.

The principal activity of the Company is an independent wealth management firm with three core areas of expertise; tax and financial advice; investment management and trusteeship.

The Company's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, as it applies to the financial statements of the Company for the year ended 31 December 2022.

Basis of preparation and change in accounting policy

The Board of Directors approved the financial statements of Bentley Reid & Co (UK) Ltd for issue on 17th March 2023. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £.

Revenue

In accordance with IFRS 15 revenue is recognised when control of the service transfers to a customer. The management fees are recognised on a quarterly basis in arrears after reviewing the valuations for that period. Consultancy fees are also billed on a quarterly basis using a time recording system and the retainer fees are a fixed fee which are billed quarterly through the Intercompany to Hong Kong and half yearly to Malta.

Leases

The Company recognises a right-of-use-asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted re-measurements of the lease liability. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability, and decreased by the lease payment made. It is re-measured when there is a change in future lease payments, which arise from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences, which are differences between taxable profits and total comprehensive income that arise for the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost include costs directly attributable to making the asset capable of operating as intended.

1. Accounting policies (continued)

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	Over the shorter of the lease term and 20 years
Office equipment	3 years
Fixtures and fittings	3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Artwork is not depreciated as the directors have taken the view that their useful estimated residual value is not materially different from their carrying value.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Software – 5 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations are different from the residual value, the amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying value, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through impairment in profit and loss unless the asset is carried as a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial Instruments

In accordance with IFRS 9, a debt instrument is measured at amortised cost where the Company is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity investments must be recognised at fair value. The Company holds no other debt instruments.

1. Accounting policies (continued)

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. During the year ended 31 December 2022 the amount written off was £0.

Financial assets – Recognition and de recognition

Financial assets are recognised when and only when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is re recognised when and only when i) the Company's contractual rights to future cash flows from the financial asset expire or ii) the Company transfers the financial asset and either a) it transfers substantially all the risks and rewards of ownership of the financial asset, or b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Classification and measurement

Financial assets (except for accounts receivables without significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such accounts receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as i) measured at amortised cost; ii) debt investment measured at fair value through other comprehensive income; iii) equity investment measured at fair value through other comprehensive income; or iv) measured at fair value through profit or loss.

Subsequent to their initial recognition unless the Company changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "reclassification date")

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

a) It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, de recognition or through the amortisation process are recognised in profit or loss.

The Company's financial assets at amortised cost include accounts and other receivables; amount due from immediate parent company and bank balances.

Financial Liabilities – Recognition and de recognition

Financial liabilities are recognised when and only when the Company becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial liability is de recognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

1. Accounting policies (continued)

The Company's financial liabilities include accrued charges and corporation tax provisions. All financial liabilities, except for financial liabilities at FVPL, recognised initially at their value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under IFRS 9

The Company recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost, lease receivables, contract assets, loan commitments and financial guarantee contracts issued to which the impairment requirements apply in accordance with IFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to the 12 month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the past due information.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicating that the Company may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria.

a) Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company); or

b) There is a breach of financial covenants by the counterparty.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

1. Accounting policies (continued)

Simplified approach of ECL

For accounts receivables, without significant financing components, the Company applies a simplified approach in calculating ECL. The Company recognises a loss allowance based on a lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit impaired financial asset

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

a) Significant financial difficulty of the issuer or the borrower.

b) A breach of contract, such as a default or past due event.

c) The lender(s) of the borrower, , for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

e) The disappearance of an active market for that financial asset because of financial difficulties.

f) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write off

The Company writes off a financial asset when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Company's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

New and revised IFRS standards

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

Judgements and key sources of estimation uncertainty

The presentation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

An estimation of uncertainty exists under IFRS16 – Leases, where the company has used an incremental borrowing rate of 1.53%. The lease is due to expire in July 2024 and so the company considers the impact of this potential uncertainty to be immaterial to the financial statements.

Due to the nature of the Company's business and having considered the key sources of income and expenditure, balance sheet items and the Company's accounting policies, the directors do not believe there are any significant critical accounting judgments.

Notes to the financial statements (continued)
For the year ended 31 December 2022

2. Revenue

An analysis of the Company's revenue is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Investment management fees from Hong Kong	3,781,005	3,962,550
Investment management fees from UK	109,314	105,815
Consultancy fees	158,316	97,429
Retainer Fees from Malta	25,000	25,000
Retainer Fees from Hong Kong	25,000	25,000
Trail Commission	5,004	5,127
	4,103,639	4,220,921

3. Profit for the year

Profit for the year has been arrived at after charging:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Net foreign exchange losses	3,342	3,007
Depreciation of property, plant and equipment	11,027	8,170
Amortisation of computer software	17,405	20,788

4. Auditors Remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Fees payable to the Company's auditor for:		
- Audit of the Company's annual accounts	22,400	19,025
- CASS audit fee	2,430	2,230

5. Staff costs

The average monthly number of employees (including directors) was:

	Year ended 31 December 2022	Year ended 31 December 2021
Investment professionals	4	4
Advisory	4	4
Support staff	7	6
	15	14

Their aggregate remuneration comprised:

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Wages and salaries	1,382,844	1,290,674
Bonuses incl employer national insurance	267,245	337,394
Social security costs	216,626	174,474
Other benefits including pension costs	189,007	150,113
	2,055,722	1,952,655

Notes to the financial statements (continued)
For the year ended 31 December 2022

6. Tax charge on profit

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Current tax:		
Current tax on income for the year	186,090	223,308
Adjustment in respect of prior periods	-	-
Total current tax	186,090	223,308
Deferred tax:		
Timing differences, origination and reversal	(1,427)	5,228
Adjustment in respect of prior periods (fixed assets)	-	-
Total deferred tax	(1,427)	5,228
Current tax	186,090	223,308
Deferred tax	(1,427)	5,228
Tax on profit	184,663	228,536

Factors affecting the tax charge for the current year

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Profit before taxation	1,156,033	1,388,239
Current tax at 19% (2021: 19%)	219,646	263,766
Disallowed expenses and non-taxable income	3,570	2,147
Depreciation of non-qualifying fixed assets	5,402	204
Capital Allowances	(7,443)	-
R&D relief	(35,084)	(42,809)
Adjustment in respect of prior years	-	-
Deferred Tax	(1,427)	5,228
Total tax on profit	184,664	228,536

Notes to the financial statements (continued)
For the year ended 31 December 2022

6. Tax charge on profit (continued)

Deferred tax

	Year ended 31 December 2022	Year ended 31 December 2021
Deferred tax liability at 1 January	9,435	4,208
(Decrease)/Increase in the period	(1,427)	5,228
- Timing differences, origination and reversal		-
	8,008	9,435

The deferred tax liability is attributable to timing differences arising in respect of the following:

	Year ended 31 December 2022	Year ended 31 December 2021
Effect of capital allowances in excess of depreciation	8,008	9,435
	8,008	9,435

7. Dividends

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year	1,100,000	1,100,000

Notes to the financial statements (continued)
For the year ended 31 December 2022

8. Intangible assets

	Computer software £
Cost	
At 31 December 2021	217,899
Additions in the year	16,057
At 31 December 2022	233,956
Amortisation	
At 31 December 2021	173,493
Charge for the year	17,405
At 31 December 2021	190,898
Carrying amount	
At 31 December 2021	44,406
At 31 December 2022	43,058

9. Property, plant and equipment

	Art work £	Property £	Leasehold improvements £	Office equipment £	Fixtures and fittings £	Total £
Cost						
At 31 December 2021	8,535	6,972	151,291	133,422	31,675	331,895
Additions in the year	-	-	-	16,291	-	16,291
At 31 December 2022	8,535	6,972	151,291	149,713	31,675	348,186
Depreciation						
At 31 December 2021	-	1,162	151,291	123,937	31,675	308,065
Charge for the year	-	2,324	-	8,703	-	11,027
At 31 December 2022	-	3,486	151,291	132,640	31,675	319,092
Carrying amount						
At 31 December 2021	8,535	5,810	-	9,485	-	23,830
At 31 December 2022	8,535	3,486	-	17,073	-	29,094

Notes to the financial statements (continued)
For the year ended 31 December 2022

10. Trade and other receivables

Amounts falling due within twelve months

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Trade receivables	78,473	60,110
Other receivables	6,818	34,475
Prepayments	82,619	152,541
Intercompany receivables	522,912	607,575
	690,822	854,701

Intercompany receivables are not interest bearing and are all payable on demand.

No financial assets were written off during the period and so the contractual amount outstanding on financial assets that were written off during the reporting period was nil.

11. Trade and other payables

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Trade payables	10,821	48,516
Accruals and other payable	95,858	36,866
Intercompany payable	5,608	1,175
Other taxes and social security	196,826	231,440
	309,113	317,997

The carrying value of trade and other payables classified as financial liabilities approximates fair value.

- Included in accruals and other payables, is an amount of £46,628 (2021: £45) in respect of pension contributions payable as at the yearend.

12. Financial instruments

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. Financial Instruments are classified as amortised at cost in accordance with IFRS 9 and the company policy, which states that a debt instrument is measured at amortised cost where the financial asset is held for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of the principal and interest. The Company's overall strategy remains unchanged from 2021. The Company must maintain minimum levels of share capital and liquid assets to meet the requirements under regulations set by the Financial Conduct Authority. These requirements have been met throughout the year.

12. Financial instruments (continued)

Categories of financial instruments

The Company's senior managers have assessed which business models apply to the financial assets held by the company and have classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are that all non-cash financial assets have been reclassified to financial assets at amortised cost with no effect to the carrying value as shown below.

Financial assets

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Cash and cash equivalents	1,755,246	1,745,024
Financial assets at amortised cost	522,912	607,575
	2,278,158	2,352,599

Trade and other receivables are held to collect payments reflecting solely principal and interest. These have been reclassified from Loans and Receivables to financial assets at amortised cost with no change in the carrying value.

Financial liabilities

	£	£
Loans and payables	309,113	317,997
Lease liability *	391,037	635,027

* See Note 17

Financial risk management

The risk management policies employed by the directors are discussed below:

a) Liquidity risk

Liquidity risk arises from the Company's ongoing financial obligations, including settlement of financial liabilities such as trade and other payables. The Company maintains adequate banking facilities and continually monitors financial commitments and its cash position.

The following table details the Company's remaining contractual maturity for its assets and liabilities. The table has been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can be required to pay.

12. Financial instruments (continued)

As at 31 December 2022

	0-3 months £	3-12 months £	Over 12 months £	Illiquid £	Total £
Property, plant and equipment	-	-	-	29,094	29,094
Right-of-use asset	-	-	-	389,739	389,739
Intangible asset	-	-	-	43,058	43,058
Trade and other receivables	690,821	-	-	-	690,821
Cash and cash equivalents	1,755,246	-	-	-	1,755,246
Total assets	2,446,067	-	-	461,891	2,907,958
Trade and other payables	(309,113)	-	-	-	(309,113)
Lease liability	(60,648)	(183,342)	(147,047)	-	(391,037)
Total liabilities	(369,761)	(183,342)	(147,047)	-	(700,150)
Balance sheet surplus	2,076,306	(183,342)	(147,047)	461,891	2,207,808

As at 31 December 2021

	0-3 months £	3-12 months £	Over 12 months £	Illiquid £	Total £
Property, plant and equipment	-	-	-	23,830	23,830
Right-of-use asset	-	-	-	635,890	635,890
Intangible asset	-	-	-	44,405	44,405
Trade and other receivables	854,701	-	-	-	854,701
Cash and cash equivalents	1,745,024	-	-	-	1,745,024
Total assets	2,599,725	-	-	704,125	3,303,850
Trade and other payables	(317,997)	-	-	-	(317,997)
Lease liability	(60,648)	(183,342)	(391,037)	-	(635,027)
Total liabilities	(378,645)	(183,342)	(391,037)	-	(953,024)
Balance sheet surplus	2,221,080	(183,342)	(391,037)	704,125	2,350,826

12. Financial instruments (continued)

b) Interest rate risk

The Company does not have significant exposure to interest rate risk, which only arises, from cash and cash equivalents. Interest on cash and cash deposits is earned at a variable rate linked to LIBOR.

The rate of interest received on the account is at the banks' variable rate and the Company recognises that interest rates are liable to fluctuate. Due to the level of cash held in the account, the directors do not believe that any movement in interest rates would materially affect the operations of the Company.

The Company holds a current account at Clydesdale (Virgin Money) Bank and regularly reassesses market conditions, the financial risk and the terms of deposits to optimise return on capital.

c) Credit risk/settlement risk

Credit risk primarily refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. Credit risk also arises from cash and cash equivalents.

The majority of the Company's revenue is received as management fees from related parties, and is subject to the terms of the service level agreements.

As the Company mostly relies on fee income from group entities, the key settlement risk of the wider group needs to be considered. If a 'significant increase in credit risk' has taken place since initial recognition the Company would be required to recognise a lifetime expected credit loss. In order to determine this, credit risk is monitored by regular review of the aged outstanding trade receivables by management.

The credit risk on liquid funds is limited because the banks used are those with stable credit ratings assigned by international credit rating agencies. Cash deposits are placed only with the Company's relationship banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2022 £	**31 December 2021 £**
Cash and cash equivalents	1,755,246	1,745,024
Financial assets at amortised cost	522,912	607,575
	2,278,158	2,352,599

d) Foreign currency risk

The Company is exposed to exchange rate fluctuations as it undertakes certain transactions denominated in foreign currencies; income and expenses are primarily in Sterling. The Company does not hedge or enter into forward or derivative transactions.

The directors do not consider foreign currency exposure to be a significant risk to the Company.

e) Capital management

The Company must maintain minimum levels of share capital and liquid assets to meet the requirements under regulations set by the Financial Conduct Authority. These requirements have been met throughout the year.

13. Share capital

	31 December 2022 £	31 December 2021 £
Authorised		
1,000,000 Ordinary shares at £1 each	1,000,000	1,000,000
Allotted, issued and fully paid		
1,000,000 Ordinary shares at £1 each	1,000,000	1,000,000
Allotted, issued and partly paid ordinary shares of £1 each	-	-
	1,000,000	1,000,000

The Company has one class of ordinary shares, which carries no right to fixed income.

At the yearend date, the Company's shares were 1,000,000 ordinary shares at £1 per share, all owned by Bentley Capital Limited. The Company is a wholly owned subsidiary of Bentley Capital Limited.

14. Notes to the statement of cash flows

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Profit for the year	1,152,576	1,387,366
Adjustments for:		
Depreciation of property, plant and equipment	11,027	8,170
Amortisation of intangible assets	17,405	20,788
Lease liability depreciation	246,151	215,473
	1,427,159	1,631,797
Operating cash flows before movements in working capital		
(Increase) / Decrease in receivables	155,432	(83,302)
Decrease / (Increase) in payables	(244,425)	(54,002)
Income taxes paid	(199,052)	(185,314)
Net cash from operating activities	1,139,114	1,309,179
Cash and cash equivalents	1,755,246	1,745,024

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of four months or less.

The carrying amounts of these assets is approximately equal to their fair value.

Notes to the financial statements (continued)
For the year ended 31 December 2022

15. Related party transactions

Trading transactions

The Company mostly provides services to its immediate parent company, Bentley Capital Limited, and occasionally, provides services to other subsidiaries of its ultimate parent company, Bentley Reid (Holdings) Limited.

These entities are considered to be related to the Company through common control, in line with the definitions under IAS 24: *Related Party Disclosures.* The directors believe that these related party transactions are conducted on an arm's length basis.

During the year, the Company entered into the following trading transactions with related parties, some of which had outstanding amounts as follows:

	Management fee income		Outstanding at	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£	£	£	£
Bentley Capital Limited	3,830,874	3,962,550	522,449	592,214
Bentley Trust (Malta) Limited	-	-	130	15,362
Bentley Reid (Holdings) Limited	-	-	(5,608)	(971)
Bentley Reid & Company Limited	-	-	333	-
	3,830,874	3,962,550	517,304	606,605

The Company provides investment management services to Bentley Capital Limited (HK) under a service level agreement at 60% of the fees earned on Funds under Management per month. Bentley Reid (Holdings) Limited provides administration services to the Company in the form of booking travel which is reimbursed accordingly, others services such as payroll and mobile phone charges are paid by the Company and recharged to Bentley Reid (Holdings) Limited.

The Company provides tax, trust and financial planning advice to Bentley Trust (Malta) Limited and is invoiced by way of a bi-annual retainer fixed fee of £25,000 per annum, which is reviewed on an annual basis.

The Company provides tax, trust and financial planning advice to Bentley Reid & Co Limited (HK) and is invoiced by way of a quarterly retainer fixed fee of £25,000 per annum, which is reviewed on an annual basis.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24: *Related Party Disclosures.*

	31 December 2022	31 December 2021
	£	£
Short-term employee benefits	54,743	50,025

The directors' remuneration, analysed under the headings required by company law is set out below.

Notes to the financial statements (continued)
For the year ended 31 December 2022

15. Related party transactions (continued)

Directors' remuneration

	31 December 2022 £	31 December 2021 £
Emoluments	667,495	680,756
Other benefits	54,743	50,025
	722,238	730,781

Remuneration of the highest paid director

	31 December 2022 £	31 December 2021 £
Emoluments	285,865	243,490
Company contributions to money purchase schemes		-

Expenses reimbursed to directors during the year were £3,955 (2021: £1,770). There were no outstanding amounts at the balance sheet date. (2021: £nil).

16. Ultimate controlling party

In the opinion of the directors, the Company's immediate parent is Bentley Capital Limited, a company incorporated in Hong Kong. The ultimate parent company is Bentley Reid (Holdings) Limited, a company incorporated in the British Virgin Islands which is majority owned by N B Bentley. In the opinion of the directors, the ultimate controlling party is N B Bentley.

The parent undertaking of the largest group, which includes the Company and for which group consolidated accounts are prepared is Bentley Capital Limited incorporated in Hong Kong. The parent undertaking of the smallest such group is Bentley Capital Limited incorporated in Hong Kong.

17. Lease arrangements

At transition, for leases classified as operating leases under IAS 17, lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2021. Right-of-use assets are measured at:

- Their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset as the date of initial application

The Company recognised right-of-use assets and lease liabilities, these are summarised below:

	£
Right-of-use asset b/f 1st January 2022	635,890
Depreciation charge	(246,151)
Right-of-use asset c/f	389,739

	£
Lease liability b/f 1st January 2022	(635,027)
Office rent paid during the year	235,981
Interest Expense	8,009
Lease liability c/f	(391,037)

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 July 2021. The rate applied is 1.53%.

The current lease is set to expire in August 2024.

18. Events after the balance sheet date

There were no significant events subsequent to the year-end, which require disclosure in the financial statements.

Appendix 1: Unaudited Pillar 3 Disclosure

Pillar 3 Disclosure

The Capital Requirements Directive of the European Union (the 'Directive') establishes a revised regulatory capital framework across Europe governing the amount and nature of capital that must be maintained by credit institutions and investment firms. In the United Kingdom, the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook have implemented the Directive for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk;
- Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FCA; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The directors regard risk management as an inherent part of the Company's business activities and have adopted risk management policies and procedures consistent with the size and complexity of the Company. The Company's risk management practices are intended to provide comprehensive controls and ongoing management of its major risks. Mitigation of these risks is primarily the responsibility of the directors.

The directors believe that operational, market, liquidity, credit and regulatory risks are the main risks to which the Company is exposed. All such risks are regarded as typical for a company engaged in investment advisory and investment management services.

Operational risk – this is a focus of the directors' attention and covers a whole range of exposures from risk of clerical errors, to risk of breach of investment mandates. It is the Company's policy to ensure that the directors authorise and approve all key activities in order to reduce these risks to acceptable levels.

Market risk – the risks that arise from macroeconomic events and which affect values of portfolios or income. The Company has specific policies and procedures to cover this type of risk.

Business risk – the main risk under this heading faced by the Company is that underperformance is followed by clients removing their investments and reducing the revenue earned from clients managed or advised by the Company – as the case may be – under mandates and by difficulty in attracting new mandates. In the event of significant falls in revenues, the directors are confident that the existing high levels of capital held by the Company will continue to cover all the expenses of the business for the near future.

Capital resources

The Company's capital resources comprise Tier 1 capital with no deductions, which was £1,117,990 at 31 December 2022.

Unaudited Pillar 1 capital resources requirement

The business has calculated its Pillar 1 capital resources requirement as being the fixed overhead requirement, which was £684,214 at 31 December 2022.

Appendix 1: Unaudited Pillar 3 Disclosure (continued)

Pillar 2-capital resources requirement

The directors consider the adequacy of the Company's internal capital required to support its current and future activities utilising an Internal Capital Adequacy and Risk Assessment (ICARA). It is the directors' opinion that this approach addresses each area of potential risk and its likelihood of impact on operations, assesses controls and other risk mitigating factors and assesses the unmitigated impact of risk on the Company.

After consideration of the Company's planning horizon and the impact of potential risk areas the directors believe the Company's Pillar 1 capital resources requirement to be the firm's minimum capital requirement.

Pillar 3 Remuneration disclosures

Remuneration Code staff

The Company has identified its Remuneration Code staff as required by SYSC 19A.3.5 (1). Remuneration Code staff include all members of the following groups to the extent that they do not fall below the relevant de minimis limits established by the FCA:

i) senior management;
ii) risk takers;
iii) staff engaged in Controlled Functions; and
iv) A residual category including all staff receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on risk profile.

Aggregate remuneration of Remuneration Code staff

During 2022, and at the yearend, there were 8 Code staff within the business.

Total remuneration of Code staff for the year ended 31 December 2022 was £1,157,624 of which £767,282 related to senior management and the balance of £390,342 related to other Code staff.

Remuneration policy and responsibility for determining remuneration policy

The Company has adopted a remuneration policy which:

- has been determined by the Board;
- covers all of its Remuneration Code staff;
- requires for all staff, including but not limited to Remuneration Code staff, that the structure of remuneration within the Company is consistent with and promotes effective risk management;
- establishes that performance-related pay of Remuneration Code staff is based upon a performance assessment process and requires that non-financial performance metrics should form a significant part of this process;
- prohibits the award, payment or provision of guaranteed bonuses to Remuneration Code staff unless it in the first year of service and is exceptional;
- prohibits severance payments related to early termination of Remuneration Code staff from being used to reward failure; and
- Is proportionate to its business and, specifically, takes into account the specific features of the activities of the Company when adhering to Principle 8 of the Remuneration Code in relation to profit-based measurement and risk adjustment and Principle 12 in relation to remuneration structures in relation to multi-year frameworks.

The Company is not required to establish a Remuneration Committee.

Bentley Reid & Co (UK) Limited

Appendix 2: Unaudited Stewardship Code Statement

Stewardship Code Statement

Under Rule, 2.2.3R of the FCA's Conduct of Business Sourcebook, Bentley Reid & Co (UK) Limited (the "Company") is required to make public disclosure regarding the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, its alternative investment strategy. The Code is a voluntary code and sets out a number of principles relating to engagement by investors with UK equity issuers.

While the Company generally supports the objectives that underlie the Code, the Company is a small organisation. The number of people within the Company, its focus on unitised funds rather than listed equities, and the limited number of votes attributable to the Company's clients in situations where investments are held in listed equities, mean that it is generally impractical for the Company to intervene proactively and to be effective in doing so.

Additionally, the Company's clients may invest in equities in a variety of jurisdictions, including but not limited to the UK.

The Code is therefore relevant to limited aspects of the Company's activity. The Company takes a consistent approach to engagement with issuers in all of the jurisdictions in which its clients are invested under mandates held by the Company and, consequently, the Company does not consider it appropriate to commit to any particular voluntary code of practice relating to any individual jurisdiction. As such, the Company has chosen not to fully commit to the Code.

The Company makes the following observations in relation to the Code:

Conflicts of interest

The Company always seeks to act in the best interests of its clients. It should be noted that the Company is part of a privately held group and is not related to any quoted company.

Monitoring

The Company's investment approach places significant emphasis on monitoring all entities that its clients invest in under mandates held by the Company. As part of this monitoring, the Company regularly meets with its clients' management and focuses on their motivations, compensation and approach to governance.

Escalation

Given the limited number of votes attributable to the Company's clients, any attempts to influence issuers would be ineffective and, in general, the course of action the Company would take (or in the case of its non-discretionary mandates, would advise) is liquidation of clients' positions where the Company has significant concerns about governance.

Voting

The Company analyses the options on voting for corporate events and always votes (or in the case of its non-discretionary mandates, always advises voting) to maximise the value of its clients' holdings.

Reporting

Given the Company's approach and scale, it does not publish details on voting activity although discussions on corporate actions with its clients are welcome.