

Naya Capital Management UK Limited

Registered Number: 07775443 (England and Wales)

Annual report and audited financial statements

For the year ended 31 December 2020

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Naya Capital Management UK Limited

Registered No: 07775443

General information

Director	M Siddiqui
Registered office	54 Baker Street London W1U 7BU
Independent auditors	Rees Pollock 16 Great Queen Street London WC2B 5AH
Bankers	HSBC 4 th Floor 133 Regent Street London W1B 4HX
Solicitors	Schulte Roth & Zabel International LLP One Eagle Place London SW1Y 6AF

Naya Capital Management UK Limited

Registered No: 07775443

Director's report (continued)

For the year ended 31 December 2020

The director presents his report and the audited financial statements of Naya Capital Management UK Limited ("the company") for the year ended 31 December 2020.

Results and dividends

The company profit for the year after taxation amounted to £12,276,962 (2019: £8,732,395).

During the year, dividends totalling £8,722,297 (2019: £4,947,268) in respect of the year ended 31 December 2019 (2019: 31 December 2018) was proposed and paid.

The director has yet to declare an interim dividend in respect of the year ended 31 December 2020.

Director

The director of the company during the year and up to the date of this report was:

M Siddiqui

Going concern

The company has adequate financial resources and as a consequence, the director believes that the company is well placed to manage its business risks successfully despite the economic outlook.

The director has a reasonable expectation that the company has adequate resources to continue in operational existence, and meet its liabilities as they fall due, for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the director's report and financial statements.

Engagement with suppliers, customers, and other stakeholders

The company's policies with supplier, customers and other stakeholders are set out in the strategic report of the company on page 5.

Statement of disclosure of information to the auditors

At the date of approving this report, so far as the director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the company's auditors are unaware. The director 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 auditors are aware of that information.

Pillar 3 disclosures

The unaudited Pillar 3 disclosures of Naya Capital Management UK Limited as required by the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) Chapter 11 - Disclosure (Pillar 3) are included as an appendix to these financial statements. These disclosures are unaudited.

UK stewardship code disclosures

The UK stewardship code disclosures of Naya Capital Management UK Limited as required by the FCA Conduct of Business Sourcebook are included as an appendix to these financial statements. These disclosures are unaudited.

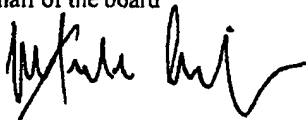
Director's report (continued)

For the year ended 31 December 2020

Independent auditors

The auditors, Rees Pollock, have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the members' meeting to approve these financial statements.

On behalf of the board



M Siddiqui
Director

Date: 21 April 2021

Statement of director's responsibilities

For the year ended 31 December 2020

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The director confirms that he has complied with the above requirements in preparing the financial statements.

The director is 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. He is 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.

Strategic report

For the year ended 31 December 2020

The director presents his strategic report for the company for the year ended 31 December 2020. The director, in preparing this strategic report, has complied with s414C of the Companies Act 2006.

The s172 statement, principal activity and review of the business

The director considers the company's stakeholders to be the people who work for the company, the investors of the financial products that the company manages, the people that own the company, the company's regulator and society and the environment in general. During 2020, the director gave careful consideration to the factors set out above in discharging his duties under section 172. The director recognises that building strong relationships with our stakeholders will help deliver the company strategy in line with its long-term values. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of the company engagement with stakeholders, the director seeks to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in his decision making. The director acknowledges however, that not every decision he makes will necessarily result in a positive outcome for all stakeholders. The director also challenges company management to ensure all stakeholder interests are considered in the day to day management and operations of the company. The principal activity of the company in the year, was that of managing, on a discretionary basis, the investment and trading of securities on behalf of the Naya Fund, registered in the Cayman Islands, the Naya Fund LP, registered in Delaware, Naya Master Fund LP, registered in the Cayman Islands, Nayawood LP, registered in the Cayman Islands, Naya 1740 Fund Limited, registered in the Cayman Islands, Naya Coldwater Fund Ltd and Naya Coldwater Master Fund Ltd, both registered in the Cayman Islands and the managed account in the name of Quantum Partners LP.

The company is a regulated Alternative Investment Fund Manager "AIFM" and is authorised by the Financial Conduct Authority "FCA".

The results for the year and the financial position at the year end were considered satisfactory by the director. The director does not anticipate any change in the nature of the company's principal activity going forward.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Financial risk management

The key business risks and uncertainties affecting the business relate to the performance of the underlying funds managed by the company.

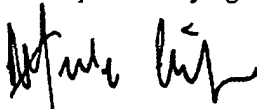
The UK left the European Union ("EU") on 31 January 2020. A transitional period, during which the UK was no longer a member of the EU but was still subject to EU rules and remained a member of the Customs Union, concluded on 31 December 2020. On 24th December it was announced that a free trade agreement ("FTA") was approved by the UK parliament and the EU member states. Whilst the FTA covers a number of aspects of the trading and cooperation relationship between the UK and EU, it does not cover financial services to any significant degree. It is therefore not possible to precisely assess the impact of this on the legal and regulatory environment in which the company operates until the outcome of any agreement in respect of financial services has been reached. The director has evaluated the consequences of Brexit and considers significant exchange rate fluctuations as a result of the uncertainty of the ongoing negotiations to be a potential risk.

COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. In the long term, this may have an impact on the company's business plan. However, given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the company or to provide a quantitative estimate of this impact. The director considers that the impact of coronavirus would not affect the ability of the company to generate value in the long-term, or impact its business plan such as to have a material impact on any of the balances in these financial statements.

The company is not exposed to any significant price, credit, liquidity or cash flow risk.

M Siddiqui
Director

Date: 21 April 2021



Independent auditors' report

To the shareholders of Naya Capital Management UK Limited

Opinion

We have audited the financial statements of Naya Capital Management UK Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, Statement of changes in equity, Statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Independent auditors' report (continued)

To the shareholders of Naya Capital Management UK Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

The key laws and regulations we considered in this context included the UK Companies Act 2006, and the Financial Services and Markets Act 2000.

Registered No: 07775443

Independent auditors' report (continued)

To the shareholders of Naya Capital Management UK Limited

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

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

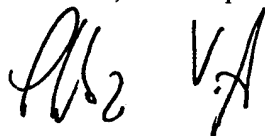
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

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

Use of our report

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



Philip Vipond (Senior statutory auditor)

for and on behalf of
Rees Pollock
Chartered Accountants
Statutory Auditor

16 Great Queen Street
London
WC2B 5AH

26 April 2021

Statement of comprehensive income

For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	37,723,647	31,333,536
Cost of sales		<u>(1,940,781)</u>	<u>(1,984,233)</u>
Gross Profit		35,782,866	29,349,303
Administrative expenses		<u>(20,617,412)</u>	<u>(18,550,635)</u>
Operating profit	5	15,165,454	10,798,668
Interest receivable and similar income		<u>1,439</u>	<u>2,682</u>
Profit before taxation		15,166,893	10,801,350
Tax on profit	8	<u>(2,889,931)</u>	<u>(2,068,955)</u>
Profit for the financial year		12,276,962	8,732,395
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>12,276,962</u>	<u>8,732,395</u>

All activities derive from continuing operations.

The notes on pages 13 - 21 form an integral part of these financial statements.

Naya Capital Management UK Limited

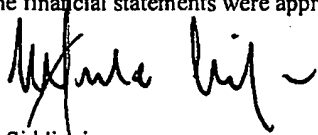
Registered No: 07775443

Statement of financial position

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	9	157,642	169,398
Current assets			
Debtors	10	23,219,016	17,059,672
Cash and cash equivalents	11	<u>10,476,529</u>	<u>10,813,652</u>
		33,695,545	27,873,324
Creditors: amounts falling due within one year	12	<u>(20,020,068)</u>	<u>(17,764,268)</u>
Net current assets		<u>13,675,477</u>	<u>10,109,056</u>
Net assets		<u>13,833,119</u>	<u>10,278,454</u>
Capital and reserves			
Called up share capital	13	827,104	827,104
Retained earnings		<u>13,006,015</u>	<u>9,451,350</u>
Shareholders' funds		<u>13,833,119</u>	<u>10,278,454</u>

The financial statements were approved and signed by the director on 21 April 2021.


M Siddiqui
Director

The notes on pages 13 - 21 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2020

	Note	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2019		827,104	5,666,223	6,493,327
Profit for the financial year		-	8,732,395	8,732,395
Dividends paid during the year	14	-	(4,947,268)	(4,947,268)
At 31 December 2019		827,104	9,451,350	10,278,454
Profit for the financial year		-	12,276,962	12,276,962
Dividends paid during the year	14	-	(8,722,297)	(8,722,297)
At 31 December 2020		827,104	13,006,015	13,833,119

The notes on pages 13 - 21 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit before tax for the financial year		15,166,893	10,801,350
Interest receivable and similar income		(1,439)	-
Depreciation of tangible assets	9	30,641	47,377
Foreign exchange variance	5	214,981	344,401
Increase in debtors		(6,159,344)	(4,832,092)
Increase in creditors		1,444,176	4,714,485
Corporation tax paid		(2,078,307)	(735,681)
Net cash inflow from operating activities		8,617,601	10,339,840
Cash flows from investing activities			
Interest received		1,439	-
Payments to acquire tangible fixed assets	9	(18,885)	(10,196)
Net cash outflow from investing activities		(17,446)	(10,196)
Cash flows from financing activities			
Dividends paid during the year	14	(8,722,297)	(4,947,268)
Net cash outflow from financing activities		(8,722,297)	(4,947,268)
Net (decrease)/ increase in cash and cash equivalents		(122,142)	5,382,376
Cash and cash equivalents at beginning of year	11	10,813,652	5,775,677
Foreign exchange variance	5	(214,981)	(344,401)
Cash and cash equivalents at the end of year	11	10,476,529	10,813,652

A reconciliation of net debt can be found in note 17.

The notes on pages 13 - 21 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2020

1. General information

Naya Capital Management UK Limited is a limited company registered in England and Wales. Its registered office and principal place of business is 54 Baker Street, London, W1U 7BU.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The company has adequate financial resources and as a consequence, the director believes that the company is well placed to manage its business risks successfully.

The director has a reasonable expectation that the company has adequate resources to continue in operational existence, and meet its liabilities as they fall due, for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the director's report and financial statements.

2.3 Revenue recognition

Turnover, which is stated net of value added tax, represents investment management and performance fees for services provided during the year to a number of funds. Management fees are recognised on an accruals basis, and performance fees are recognised once multiple performance conditions are all satisfied. All turnover in the year arose from continuing activities performed in the United Kingdom.

2.4 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the life of the lease. The value of any rent-free periods are amortised over the life of the lease.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is pound sterling. Foreign currency transactions are translated into the functional currency using the closing exchange rate of the month of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the closing exchange rate of the month of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment, where impairment is expected to be permanent.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	- 3 years straight line
Artworks	- not depreciated due to high residual value
Furniture & fixtures	- 3-4 years straight line
Leasehold improvement	- over the term of the lease

2.7 Corporation tax and deferred taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallises and are not discounted.

2.8 Deferred compensation

The company operates a remuneration policy whereby a portion of the total compensation for eligible employees is deferred over a two-year vesting period and is subject to forfeiture.

2.9 Pensions

The company operates a defined contribution money purchase pension scheme. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

2.10 Cash and cash equivalents

Cash is represented by cash at bank and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Accounting policies (continued)

2.11 Financial instruments

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans due to members, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest (discounting only applies if material).

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3. Critical accounting estimates and judgements

In applying the company's accounting policies, the director is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The director's judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

Any estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

The director is of the opinion that due to the nature of the business, there are no critical accounting estimates or judgements used in the preparation of the financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2020

4. Turnover

Turnover, which is stated net of value added tax, represents investment management and performance fees when the company obtains the right for consideration in exchange for its performance of services. Turnover arises from managing the investment and trading of fund securities and is recognised when the company obtains the right for consideration in exchange for its performance of services.

	2020 £	2019 £
Management fees	16,564,503	10,596,660
Performance fees	<u>21,159,144</u>	<u>20,736,876</u>
	<u>37,723,647</u>	<u>31,333,536</u>

5. Operating profit

	2020 £	2019 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	30,641	47,377
Auditors' remuneration:		
- fees payable to the auditors for the audit of the financial statements	19,000	24,600
Operating lease rental:		
- Land and buildings	173,008	186,025
Foreign exchange loss	<u>214,981</u>	<u>344,401</u>

6. Staff costs

	2020 £	2019 £
Wages and salaries (including the director)	15,914,229	14,170,817
Social security costs	2,334,175	1,950,912
Other pension costs	<u>76,040</u>	<u>72,397</u>
	<u>18,324,444</u>	<u>16,194,126</u>

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

	2020 No.	2019 No.
Investment	11	9
Operational support	4	4
Administration	<u>1</u>	<u>1</u>
	<u>16</u>	<u>14</u>

Notes to the financial statements (continued)

For the year ended 31 December 2020

7. Director's remuneration

	2020	2019
	£	£
Remuneration	<u>4,373,451</u>	<u>3,310,607</u>

8. Taxation

	2020	2019
	£	£
Current tax		
Corporation Tax on profits for the year	2,890,710	2,068,955
Prior year adjustment	<u>(779)</u>	<u>-</u>
Total current tax	<u>2,889,931</u>	<u>2,068,955</u>

Factors affecting the tax charge for the year:

	2020	2019
	£	£
Profit before taxation	<u>15,166,893</u>	<u>10,801,350</u>
Corporation Tax at 19% (2019: 19%)	2,881,710	2,052,257
Effects of:		
Expenses not deductible for tax purposes	11,755	15,637
Impact of timing differences	<u>(779)</u>	<u>1,061</u>
Prior year adjustment	<u>(2,755)</u>	<u>-</u>
Total tax charge for the year	<u>2,889,931</u>	<u>2,068,955</u>

As at the balance sheet date, the government had enacted legislation to keep the corporation tax rate at 19%. However, during the Budget in March 2021, the Chancellor of the Exchequer announced that the government would legislate to keep the corporation tax rate at 19% until 2023 at which point it would increase to 25%. This announcement does not amount to a significant impact on the deferred tax charge for the year.

Notes to the financial statements (continued)

For the year ended 31 December 2020

9. Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Artworks £	Total £
Cost					
At 1 January 2020	164,072	56,331	39,990	136,564	396,957
Additions	-	-	18,885	-	18,885
At 31 December 2020	164,072	56,331	58,875	136,564	415,842
Depreciation					
At 1 January 2020	141,609	55,115	30,835	-	227,559
Charge for the year	22,463	517	7,661	-	30,641
At 31 December 2020	164,072	55,632	38,496	-	258,200
Net book value					
At 31 December 2020	-	699	20,379	136,564	157,642
At 31 December 2019	22,463	1,216	9,155	136,564	169,398

10. Debtors

	2020 £	2019 £
Due after more than one year		
Rent deposit	72,000	72,000
Due within one year		
Prepayments and accrued income	20,106,230	14,712,289
Amount due from Naya Capital Management LLC	-	3,745
Other debtors	883,433	244,222
Director's loan account	2,157,353	2,027,416
	<u>23,219,016</u>	<u>17,059,672</u>

Amounts due from Naya LLC and the director are unsecured, interest free, and repayable on demand.

Notes to the financial statements (continued)

For the year ended 31 December 2020

11. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances:

	2020 £	2019 £
Cash at bank	<u>10,476,529</u>	<u>10,813,652</u>

12. Creditors

	2020 £	2019 £
Trade creditors	3,494	128,665
Corporation tax	1,789,041	977,417
Other taxation and social security	88,773	84,922
Accruals and deferred income	16,387,449	14,597,209
Amount due to Naya Capital Management Ltd	1,700,772	1,923,906
Other creditors	<u>50,539</u>	<u>52,149</u>
	<u>20,020,068</u>	<u>17,764,268</u>

13. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
810,562 Ordinary A shares of £1 each	810,562	810,562
16,542 Ordinary B shares of £1 each	<u>16,542</u>	<u>16,542</u>
	<u>827,104</u>	<u>827,104</u>

The Class A and Class B shares rank pari passu apart from no right to the surplus assets of the company in the event of winding up or voluntary/involuntary dissolution of the company attached to the Class B shares.

14. Dividends

	2020 £	2019 £
Dividends paid	<u>8,722,297</u>	<u>4,947,268</u>

Interim dividends totalling £10.76 (2019: £6.10) per Ordinary A share were fully paid during the year.

Notes to the financial statements (continued)

For the year ended 31 December 2020

15. Operating lease commitments

At 31 December 2020, the company had future minimum rentals under non-cancellable operating leases as set out below:

	2020 £	2019 £
Land and buildings Within one year	<u>123,333</u>	<u>130,573</u>

16. Pension commitments

The company participates in a defined contribution money purchase pension plan. The pension cost charged during the year was £76,040 (2019: £72,397). At 31 December 2020, the outstanding contribution was £11,505 (2019: £6,896).

17. Analysis of net debt

	At 1 Jan 2020 £	Cash Flows £	Other non-cash cash changes £	At 31 Dec 2020 £
Cash and cash equivalents	10,813,652	(122,142)	(214,981)	10,476,529
Net funds before debt	<u>10,813,652</u>	<u>(122,142)</u>	<u>(214,981)</u>	<u>10,476,529</u>
Amount due to Naya Capital Management Ltd	(1,923,906)	223,134	-	(1,700,772)
	<u>(1,923,906)</u>	<u>223,134</u>	<u>-</u>	<u>(1,700,772)</u>
Total	<u>8,889,746</u>	<u>100,992</u>	<u>(214,981)</u>	<u>8,775,757</u>

18. Related party transactions

Naya Capital Management Limited "Naya Cayman", a company incorporated in the Cayman Islands, is the company's parent undertaking. During the year the company earned management and performance fees of £37,723,647 (2019: £31,333,536) from Naya Cayman. During the year costs of £1,940,781 (2019: £1,984,233) were charged by Naya Cayman and the company paid the amount totalling to £2,163,915 (2019: £60,327) in relation to these. At 31 December 2020, net amount of £18,254,444 (2019: £12,650,687) was owed to the company and separated figures are included within Debtors (note 10) and Creditors (note 12).

Naya Capital Management LLC "Naya LLC" is related party as the entity is under common control. During the year Naya LLC paid £3,745 to the company. At 31 December 2020, £nil (2019: £3,745) was owed to the company and is included within Debtors (note 10).

During the year, the company made loans to the director, M Siddiqui, of £1,202,616 (2019: £1,092,964) and paid expenses on his behalf of £954,737 (2019: £934,937), the director made repayments of £2,027,416 (2019: £1,291,832). At 31 December 2020, the company was owed £2,157,353 (2019: £2,027,416) and is included within Debtors (note 10).

Key management personnel consist of the director, M Siddiqui, whose remuneration is disclosed in note 7.

Notes to the financial statements (continued)

For the year ended 31 December 2020

19. Parent undertaking and ultimate controlling party

The company's parent undertaking is Naya Capital Management Limited, a limited company registered in the Cayman Islands. The address of the parent is PO Box 309, Ugland House, Grand Cayman KY1- 1104, Cayman Islands. The ultimate controlling party is M. Siddiqui.

The largest and smallest company of undertakings for which company accounts have been drawn up which include the company is headed by Naya Capital Management Limited.

Appendix 1

Unaudited Pillar 3 Disclosure

Disclosure Policy

The Capital Requirements Directive ("CRD") is the framework for implementing Basel II in the European Union. Basel II implements a risk sensitive framework for the calculation of regulatory capital. This was implemented in the United Kingdom through changes to the Financial Conduct Authority ("FCA") Handbook of Rules and Guidance, and specifically through the creation of the General Prudential Sourcebook ("GENPRU") and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), specifically BIPRU 11.

The framework consists of three pillars:

- Pillar 1 – sets out the minimum capital requirements for the investment manager;
- Pillar 2 – deals with the Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by the Firm to assess the adequacy of capital held in relation to its material risks; and
- Pillar 3 – requires the Firm to publicly disclose its policies on risk management, capital resources and capital requirements.

Naya Capital Management UK Limited's ("Naya" or the "Firm") Pillar 3 statement is set out below. The regulatory aim of the disclosure is to improve market discipline.

Naya makes Pillar 3 disclosures annually, via a statement on its website. The information contained in this disclosure is accurate as at 31 December 2020. It has not been audited by Naya's external auditors and does not constitute any form of financial statement.

The Firm may, from time to time, omit certain information relating to BIPRU 11.5 on the basis that it has been deemed to be immaterial or proprietary/confidential. The Firm regards information as material in the disclosure if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. The Firm regards information as proprietary/confidential if sharing that information with the public would undermine its competitive position. Proprietary/confidential information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality.

Background to the Firm

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised by the FCA, for capital purposes, as a collective portfolio management investment ("CPMI") firm. It is an investment management firm and has no trading book exposures. The Firm is not required to prepare consolidated reporting for prudential purposes.

Appendix 1 (continued)

Unaudited Pillar 3 Disclosure

Capital Resources Requirement

Pillar 1 - Minimum Capital Requirements

As a CPMI firm, Naya has an initial capital requirement of €125k and an ongoing capital resource requirement which comprises the greater of:

- i. sum of market risk and credit risk (for non-AIFM business); and
- ii. the funds under management requirement (the sum of the Firm's base own funds requirements of €125k plus 0.02% of the amount by which the Firm's funds under management (related to the Funds) exceed €250m); and
- iii. the own funds based on fixed overheads requirement; plus (for ii or iii):

Whichever is the applicable of:

- i. the professional negligence capital requirement ("additional own funds requirement"); or
- ii. the professional indemnity insurance ("PII") capital requirement.

Naya calculates the credit risk applicable to its non-AIFM activities under the simplified approach.

On average throughout the year the Firm has deemed the Fixed Overhead Requirement "FOR" to be the higher of these values and this is therefore used for the purposes of the Pillar 1 calculation.

As Naya does not deal as a principal and holds no current assets other than cash, in sterling or foreign currency, the Firm's non-trading book market risk requirement is the Foreign Currency Position Risk Requirement for which the Firm multiplies the sum of the absolute values of its 'open currency position' by 8%.

Pillar 2 – ICAAP

The Firm's ICAAP includes an assessment of the design and performance of the internal controls in place to mitigate risks, the probability of the risk occurring, the potential financial and reputational impact, and the adequacy of the Firm's capital base.

The ICAAP is the process through which Naya determines that it is able to identify and manage its key risks on an on-going basis and ensure that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm. The Chief Operating Officer ("COO") is responsible for the ICAAP within Naya and consults with other relevant members of staff to ensure the accuracy of his findings.

The Firm's Senior Management Company ('SMG') formally reviews and approves a finalised ICAAP document on at least an annual basis (or more frequently if there are material changes to the Firm's business model and risk exposures). The SMG, as part of its review of the ICAAP, sets the Firm's risk appetite, confirms that the Firm's key material risks have been considered and assessed, and validates the stress testing scenarios.

Appendix 1 (continued)

Unaudited Pillar 3 Disclosure

Capital resources

Main features of the Firm's Capital Resources are as follows:

Capital Item	£'000s
Tier 1 capital less innovative tier 1 capital	1,556
Tier 2 capital	-
Tier 3 capital	-
Total capital resources, net of deductions	1,556

Risk Management Objectives and Policies

Due to the nature, size and complexity of the Firm, Naya does not have an independent risk management function. The SMG is responsible for the management of risk within the Firm and their individual responsibilities are clearly defined.

Naya has clearly documented policies and procedures (these are contained in the Firm's Policies and Procedures manual), which are designed to minimise risks to the Firm and all staff are required to confirm that they have read and understood them.

Naya undertakes an ICAAP at least annually, which is the process through which Naya determines that it is able to identify and manage its key risks on an ongoing basis and that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm. Following the completion of the ICAAP, the Firm has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

Remuneration

Naya must comply with the remuneration rules as set out in Article 14 of the Alternative Investment Fund Managers Directive ("AIFMD") and SYSC 19B of the FCA Handbook ("the AIFM Remuneration Code"), as well as SYSC 19C ("the BIPRU Remuneration Code"). The purpose of these Remuneration Codes is to ensure that firms have risk focused remuneration policies, which are consistent with and promote effective risk management and do not expose themselves to excessive risk. The Firm has reviewed all existing employment contracts to ensure they comply with the Codes.

The SMG is responsible for setting the Remuneration Policy Statement for all staff and the Compliance Officer is a member of the SMG. No external consultants have been engaged on remuneration matters.

Appendix 1 (continued)

Unaudited Pillar 3 Disclosure

Remuneration (continued)

The Remuneration Codes can (subject to certain conditions being met) be applied in a proportionate way. As such the SMG has determined that it is not proportionate for the Firm to apply the following detailed rules in setting the Firm's Remuneration Policy:

- SYSC 19B 1.17 – Retained units, shares and other instruments;
- SYSC 19B.1.18 – Deferral; and
- SYSC 19B.1.19, 19B 1.20 – Performance adjustment

Variable remuneration is not based solely on the financial performance of the individual. The SMG also considers individuals' overall (non-financial) performance and contribution to the whole team and the overall results of the clients' investments, as well as the Firm itself. The performance of the individual is assessed over the entire year.

The Firm may omit required disclosures where it believes that the information could be regarded as prejudicial to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data. Where there is a limited number of Code Staff, then the Firm may consider such omissions. The Firm has not split the total aggregate compensation figure disclosed above between 'senior management' and 'other' Code Staff, on the grounds of data protection.

Quantitative Information

The Firm only has one business area – that of managing investments with discretion on behalf of clients. The Firm received the following aggregate amount of remuneration in respect of that business line:

	£'000s
Discretionary investment management	21,159

Appendix 2

Unaudited UK Stewardship Code Disclosure

Commitment to the UK Stewardship Code

Under Rule 2.2.3R of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook, Naya Capital Management UK Limited ("Naya" or "the Firm"), to the extent it is managing investments for a professional client (as defined by the FCA), is required to include a disclosure about 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, explain its considered choice based on the firm's investment approach. The Code is a voluntary code and sets out a number of principles relating to engagement by investors in UK-listed companies.

The Firm invests in a variety of asset classes in a variety of jurisdictions globally and exposure to U.K. listed companies is chiefly achieved through investment in (non-voting) financial derivative positions.

Therefore, whilst Naya generally supports the objectives that underlie the Code, the nature of the financial instruments it uses to execute its strategy do not allow it to formally engage with investee companies through voting rights. The Firm has therefore chosen not to commit to the Code at this time.