

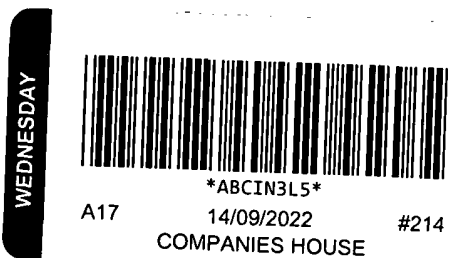
Halcyon Research Limited

(formerly known as Specialised Research (UK) Limited)

Annual report and financial statements

for the year ended 31 December 2021

Registered number: 08129397



Company Information

Directors	Ms N Chernyshova Mr D Herne
Registered number	08129397
Registered office	Office 307 154-160 Fleet Street London EC4A 2DQ
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank PLC Leicester Leicestershire LE87 2BB

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Directors' report

for the year ended 31 December 2021

The directors present their annual report and the financial statements of Halcyon Research Limited ('the company') for the year ended 31 December 2021.

Change of name

On 1 July 2021, the company passed a special resolution to change its name from Specialised Research (UK) Limited to Halcyon Research Limited.

Results and dividends

The profit for the year, after taxation, amounted to £37,079 (2020 - £31,127).

The directors did not recommend a dividend during the year (2020 - £nil).

Directors

The directors who served during the year were:

Ms N Chernyshova
Mr D Herne

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, the Strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)
for the year ended 31 December 2021

Engagement with suppliers and clients

The company has strict policies for managing potential conflicts of interest, thereby ensuring that clients' interests are always placed first and foremost in our decisions and actions.

We maintain good relationships with our suppliers through transparency and fair dealing.

Matters covered in the Strategic report

The company has chosen in accordance with s.414C(11) of Companies Act 2006 to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 to be contained in the Directors' report. It has done so in respect of discussion of future developments.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 27 April 2022 and signed on its behalf by:



Ms N Chernyshova
Director

Strategic report

for the year ended 31 December 2021

The directors present the Strategic report of the company for the year ended 31 December 2021.

Principal activity

The principal activity of the company during the year was the provision of investment management services.

Business review and future developments

Halcyon Research Limited was incorporated in 2012 and since that time has successfully performed investment management services. Following the acquisition of a similar fund manager in the Cayman Islands in November 2018 by the wider group, Halcyon Research Limited became the sub-investment manager for the Halcyon Ethical Russian Growth Fund and sub-advisor for an additional managed account. It is anticipated there will be additional portfolios and managed accounts which the firm can manage on behalf of clients going forward.

Principal risks and uncertainties

Foreign currency risk

The company is monitoring the potential risk on monthly basis.

Credit risk

The company is not exposed to any credit risk relating to revenue received from the Central Bank of Norway and is monitoring the potential risk relating to revenue which is received from the other counterparties on quarterly basis. The company rates this risk as low.

Liquidity risk

The company is not exposed to significant liquidity risks.

Interest rate risk

The company has interest bearing assets. Interest bearing assets include only cash balances, which earn interest at the existing market rate.

Impact of the war in Ukraine

The directors have considered the impact of the war in Ukraine and global sanctions against Russia on the company's operations, with a particular focus on its effect on the investment management and advisory agreements in place and the company's suppliers, directors and employees.

While we acknowledge the disruption caused by the global sanctions against Russia on the company's day-to-day operations, the directors do not consider this to be cause for material uncertainty in respect of the company's ability to continue as a going concern. We consider that the company has sufficient financial resources to continue for the foreseeable future, despite the current crisis. Therefore the financial statements have been prepared on a going concern basis.

Financial key performance indicators

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

Strategic report (continued)
for the year ended 31 December 2021

Directors' statement of compliance with duty to promote the success of the company

We have a legal responsibility under section 172 of the Companies Act 2006 to act in a way most likely to promote the company's success for the benefit of its stakeholders, having regard to the long-term effect of our decisions on the company itself and its stakeholders. This brief statement outlines the ways in which we as a Board discharge this responsibility.

Our stakeholders are primarily our staff and our clients. We rely on a highly skilled team of professionals, who are rewarded according to their performance and contribution to the success of the company. We adhere to strong ethical standards, in the personal conduct of our staff, in how we deal with customers and how we operate in the markets. We have regular training sessions for staff and all personnel are encouraged to develop both technically and as ambassadors of the company with our clients and the wider community.

The company has strict policies for managing potential conflicts of interest, thereby ensuring that customers' interests are always placed first and foremost in our decisions and actions. This is recognised by our clients who value our high standards, fairness and transparency in all our dealings with them.

This report was approved by the board on 27 April 2022 and signed on its behalf by:



Ms N Chernyshova
Director

Independent auditor's report to the members of Halcyon Research Limited for the year ended 31 December 2021

Opinion

We have audited the financial statements of Halcyon Research Limited ('the company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 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 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.

Independent auditor's report to the members of Halcyon Research Limited (continued)

for the year ended 31 December 2021

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.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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.

Independent auditor's report to the members of Halcyon Research Limited (continued)

for the year ended 31 December 2021

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 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:

How the audit was considered capable of detecting irregularities including fraud

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

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to auditing regulated investment advisory firms;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage, and from our knowledge and experience of regulated investment advisory firms;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, The Financial Services and Markets Act 2000, employment legislation, and taxation legislation; and
- we considered the impact of Brexit on the company and the laws and regulations above.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior year;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management;

Independent auditor's report to the members of Halcyon Research Limited (continued)

for the year ended 31 December 2021

Auditor's responsibilities for the audit of the financial statements (continued)

- tested the completeness of revenue by reviewing the terms of the investment management and sub-advisory agreements and investigated any material variances to expectations; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

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

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.



Peter Chapman (Senior statutory auditor)

for and on behalf of

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

27 April 2022

Statement of comprehensive income
for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	1,016,229	876,137
Gross profit		1,016,229	876,137
Administrative expenses		(971,524)	(848,537)
Other operating income	5	-	10,000
Operating profit	6	44,705	37,600
Tax on profit	10	(7,626)	(6,473)
Profit for the financial year		37,079	31,127

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 or 2020.

The notes on pages 13 to 22 form part of these financial statements.

Statement of financial position

as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets:			
Tangible assets	11	10,282	5,772
Current assets			
Debtors	12	260,231	174,619
Cash at bank and in hand	13	340,679	238,247
		<u>600,910</u>	<u>412,866</u>
Creditors: amounts falling due within one year	14	(283,667)	(128,192)
Net current assets		<u>317,243</u>	<u>284,674</u>
Total assets less current liabilities		<u>327,525</u>	<u>290,446</u>
Net assets		<u>327,525</u>	<u>290,446</u>
Capital and reserves			
Called up share capital	16	120,000	120,000
Profit and loss account	15	207,525	170,446
		<u>327,525</u>	<u>290,446</u>

The financial statements were approved and authorised for issue by the board on 27 April 2022 and were signed on its behalf by:



Ms N Chernyshova
Director

The notes on pages 13 to 22 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	120,000	139,319	259,319
Comprehensive income for the year			
Profit for the year	-	31,127	31,127
At 1 January 2021	120,000	170,446	290,446
Comprehensive income for the year			
Profit for the year	-	37,079	37,079
At 31 December 2021	120,000	207,525	327,525

The notes on pages 13 to 22 form part of these financial statements.

Statement of cash flows

for the year ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	37,079	31,127
Adjustments for:		
Depreciation of tangible assets	2,275	895
Taxation charge	7,626	6,473
(Increase)/decrease in debtors	(85,612)	29,555
Increase/(decrease) in creditors	154,322	(277,111)
Corporation tax paid	(6,473)	(9,496)
Net cash generated from operating activities	109,217	(218,557)
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,785)	(3,962)
Net cash from investing activities	(6,785)	(3,962)
Net increase/(decrease) in cash and cash equivalents	102,432	(222,519)
Cash and cash equivalents at beginning of year	238,247	460,766
Cash and cash equivalents at the end of year	340,679	238,247
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	340,679	238,247

The notes on pages 13 to 22 form part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2021

1. General information

Halcyon Research Limited is a private company limited by shares and incorporated in England and Wales. The registered office of the company is 154-160 Fleet Street, Office 307, London, England, EC4A 2DQ. The registered number of the company is 08129397.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the impact of the war in Ukraine and global sanctions against Russia on the company's operations, with a particular focus on its effect on the investment management and advisory agreements in place and the company's suppliers, directors and employees.

While we acknowledge the disruption caused by the global sanctions against Russia on the company's day-to-day operations, the directors do not consider this to be cause for material uncertainty in respect of the company's ability to continue as a going concern. We consider that the company has sufficient financial resources to continue for the foreseeable future, despite the current crisis. Therefore the financial statements have been prepared on a going concern basis.

2.3 Turnover

Turnover represents fees from investor support, research and advisory services accrued quarterly on a cost plus basis and is presented net of value added tax.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, taking into account discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the financial statements

for the year ended 31 December 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date, the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	- 4 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Operating leases

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

2.6 Debtors

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

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Notes to the financial statements

for the year ended 31 December 2021

2. Accounting policies (continued)

2.8 Creditors

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

2.9 Financial instruments

The company only enters into transactions that result in the recognition of basic financial instruments like trade and other debtors and creditors.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.10 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

Notes to the financial statements

for the year ended 31 December 2021

2. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates 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 exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

2.12 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors do not consider there to be any significant judgements or key sources of estimation uncertainty in applying the company's accounting policies.

Notes to the financial statements

for the year ended 31 December 2021

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants receivable	-	10,000

Government grants relate to amounts received under the Coronavirus Small Business Grant Fund. No amounts were receivable in relation to this scheme in the year ended 31 December 2021.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	2,275	895
Exchange differences	3,313	22,383
Other operating lease rentals	39,874	14,958
Defined contribution pension cost	19,508	19,856

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	6,500	6,500

Fees payable to the company's auditor and its associates in respect of:

Audit-related assurance services	1,500	1,500
Taxation compliance services	1,500	1,500
All other services	21,783	15,792

Notes to the financial statements

for the year ended 31 December 2021

8. Staff costs and average number of employees

Staff costs, including directors' remuneration, during the year, were as follows:

	2021 £	2020 £
Wages and salaries	219,600	223,657
Social security costs	21,171	21,609
Cost of defined contribution scheme	19,508	19,856
	<u>260,279</u>	<u>265,122</u>

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

	2021 Number	2020 Number
Advisory	<u>5</u>	<u>5</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>55,000</u>	<u>55,000</u>

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	7,626	6,473
	<u>7,626</u>	<u>6,473</u>
Total current tax	<u>7,626</u>	<u>6,473</u>

Notes to the financial statements

for the year ended 31 December 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	44,705	37,600
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	8,494	7,144
Effects of:		
Expenses not deductible for tax purposes	61	-
Other timing differences leading to a decrease in taxation	(929)	(671)
Total tax charge for the year	7,626	6,473

Factors that may affect future tax charges

On 10 June 2021, the Finance Bill 2021 received Royal Assent. The Bill confirms an increase in the corporation tax rate from 1 April 2023. From this date, the rate will taper from 19% for businesses with profits of less than £50,000 to 25% for businesses with profits over £250,000.

Notes to the financial statements

for the year ended 31 December 2021

11. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2021	3,720	4,773	8,493
Additions	2,967	3,818	6,785
At 31 December 2021	6,687	8,591	15,278
Depreciation			
At 1 January 2021	1,802	919	2,721
Charge for the year	848	1,427	2,275
At 31 December 2021	2,650	2,346	4,996
Net book value			
At 31 December 2021	4,037	6,245	10,282
At 31 December 2020	1,918	3,854	5,772

12. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	231,407	154,589
Other debtors	23,057	12,671
Prepayments	5,767	7,359
	260,231	174,619

13. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	340,679	238,247

Notes to the financial statements

for the year ended 31 December 2021

14. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	11,994	8,089
Amounts owed to group undertakings	230,020	43,956
Corporation tax	7,626	6,473
Other taxation and social security	6,881	6,656
Other creditors	1,743	1,702
Accruals	25,403	61,316
	<u>283,667</u>	<u>128,192</u>

15. Reserves

Profit and loss account

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

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
120,000 (2020 - 120,000) Ordinary shares of £1.00 each	<u>120,000</u>	<u>120,000</u>

17. Analysis of changes in net debt

An analysis of changes in net debt has not been presented as all of the company's cash flows relate to movements in cash, and the company has no items to include in such an analysis other than the cash flows in the Statement of cash flows.

18. Contingent liabilities

There were no contingent liabilities at 31 December 2021 or 31 December 2020.

19. Capital commitments

The company had no capital commitments at 31 December 2021 or 31 December 2020.

Notes to the financial statements

for the year ended 31 December 2021

20. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,508 (2020 - £19,856). Contributions payable to the fund at the reporting date amounted to £1,743 (2020 - £nil) and are included in 'Other creditors'.

21. Commitments under operating leases

At 31 December 2021, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	32,100	1,575
Later than 1 year and not later than 5 years	2,100	-
	<u>34,200</u>	<u>1,575</u>

22. Related party transactions

During the year, the company charged £797,179 (2020 - £636,870) to Halcyon PM Limited for management fees. At 31 December 2021, £231,407 (2020 - £154,589) was due from Halcyon PM Limited to the company.

Halcyon PM Limited is a related party by virtue of being under common control.

During the year, the company was charged £322,770 (2020 - £185,695) by Halcyon International Limited for advisory services provided to the company. At 31 December 2021, £230,020 (2020 - £43,956) was due from the company to Halcyon International Limited.

Halcyon International Limited is a related party by virtue of being under common control.

Key management personnel compensation totalled £109,000 (2020 - £109,000) during the year.

23. Parent undertaking and controlling party

The immediate and ultimate parent undertaking of the company is Specialised Research and Investment Limited, an entity incorporated in the Cayman Islands, by virtue of its 100% shareholding in the company. Specialised Research and Investment Limited's registered office is Governors Square, 2nd Floor, 23 Lime Tree Bay Avenue, P.O. Box 1569, Grand Cayman, Cayman Islands.

The ultimate controlling party of the company is David Herne, by virtue of his 100% holding of the participating shares of Specialised Research and Investment Limited.