

**Waystone Governance (UK) Limited
(formerly known as DMS Governance (UK) Limited)**

Audited Financial Statements

for the financial year ended 31 December 2020



TUESDAY



JNI *JADYFLP4* 28/09/2021 #68
COMPANIES HOUSE

CONTENTS

	Page
Directors and Other Information	3
Strategic Report	4-5
Directors' Report	6-7
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9-12
Statement of Profit or Loss and Other Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes forming part of the Financial Statements	17-34

Waystone Governance (UK) Limited

DIRECTORS AND OTHER INFORMATION

Directors	Executive Derek Delaney, non-independent – appointed 18 September 2013
	Non-Executive Matthew Russell Brown, non-independent – appointed 22 June 2018 Jason Poonoosamy, non-independent – appointed 22 June 2018
Registered Office and Business Address	Current – From 23 August 2020 20-22 2 nd Floor, Bedford Row, London, W1K 4EB United Kingdom
Auditors	Grant Thornton Chartered Accountants & Statutory Auditors 13 – 18 City Quay Dublin 2, D02 ED70 Ireland
Company Secretary	Waystone Centralised Services (IE) Limited* 3 rd Floor, 76 Baggot Street Lower, Dublin, Ireland
Bankers	Bank of Ireland 58 Southampton Row, Holborn, London, United Kingdom
Solicitors	MacFarlane's LLP 20 Cursitor St, Holborn, London

** Formerly known as DMS Governance Risk and Compliance Services Limited*

Waystone Governance (UK) Limited

STRATEGIC REPORT

Introduction

Waystone Governance (UK) Limited (or the "Company") operates independently as a Business Development Company for the wider Waystone Group. The Company changed its legal name post financial year end from DMS Governance (UK) Limited, which was in line with the wider Group, which changed its name from the DMS Group to the Waystone Group.

The Board of Directors (or "Directors") submit their Strategic Report together with the audited financial statements for the financial year ended 31 December 2020.

Principal activities

The principal activity of the Company remains as a Business Development company for the Waystone Group.

The Company was incorporated in the UK on 18 September 2013. It is a 100% subsidiary of Waystone Centralised Services (IE) Limited a private limited liability company incorporated in Ireland, which in turn is a 100% subsidiary of Cashel Compliance Bidco Limited a private limited liability company incorporated in Ireland. The aforementioned companies are part of the Waystone Group of companies.

In accordance with the applicable law and International Financial Reporting Standards (or "IFRS"), Waystone Management Company (IE) Limited has availed of an exemption from the requirement to prepare consolidated financial statements. Therefore, the smallest group which requires consolidation is Cashel Compliance Bidco Limited and the largest group is Cashel Compliance Topco Limited, the ultimate parent of the Waystone Group.

Business Review

The Company continues to act as a Business Development Company for which its employees undertake to support the Waystone Group's growth strategies by seeking out new opportunities for the Waystone Group. The Company's Business Development team are focused on growing this business together with other business lines across the Waystone Group with Investment Managers and Fund Advisors located in the UK and the wider European marketplace. Some of the services that the Business Development team seek to offer clients include Alternative Investment Fund Management ("AIFM"), Authorised Corporate Director ("ACD"), Markets in Financial Instruments Directive ("MIFID"), Risk Management, Regulatory Reporting, Directorships, Board Governance and Legal Support.

The Company's core activity is to generate ideas and new initiatives, to seek out new relationships and maintain existing ones. Through these activities the Company's team can support the Waystone Group by increasing revenues, supporting growth in terms of business expansion, increasing profitability by building strategic partnerships, and making strategic business decisions.

The Company's main source of revenue is from intercompany recharges to other Waystone Group entities for the Business Development services provided via the Company. This income is for recharges for the operation costs of the entity including rent, rates, staff costs, service charges, cleaning and insurance plus transfer pricing profit.

For the financial year ended 31 December 2020, the Company revenues were £1.1m (2019 £1.3m), which represents a decrease of 18% (2019: 17% increase) on the previous financial year. Profits after tax were £46k (2019 £42k). The Company's financial performance this financial year has reflected its ongoing commitment to maintaining its transfer pricing requirements. The Directors are satisfied with this growth of the business and that the Company can continue to support same.

Financial and non-financial key performance indicators are set out in this strategic report, below, under the heading "Financial key performance indicators".

Key Challenges

The Company derives its income through the recharging of its operating costs to the entities that avail of its Business Development services, therefore the key challenges for the Company lies with these entities as they are subject to movements in the Markets.

The Directors are responsible for determining the level of risk acceptable to the Company. This is subject to regular review.

The Company seeks to mitigate its risk through the application of strict limits and controls and a monitoring process at operational level. The Company has regular board meetings to manage all risks. These risks are outlined in note 15 of the notes to the financial statements.

Waystone Governance (UK) Limited STRATEGIC REPORT

Key Challenges (continued)

The impact of Brexit on the financial markets is not yet fully known, the transition is a complex and lengthy process. It is possible that Brexit could have cross border implication for financial activities between the UK and the EU. The Waystone Group through its concentration strategies seeks to diversify its client offerings across the EU and the rest of the world.

Beginning in January 2020, global financial markets experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty.

The Company's revenue stream is aligned with its cost base plus transfer pricing profit. As the Waystone Group continues to monitor the impact of COVID-19 it also maintains tight control of its cost base. The effects of COVID-19 have and may continue to have adverse effect on the global economy. To date, primarily due to the nature of the fee structure with its clients, Covid-19 has not had a significant impact on the Waystone Group.

Future Developments

The Company is a Business Development office for the wider Waystone Group. For the financial year 2021, the Company will continue to create revenue and shareholder value for the wider Waystone Group, primarily in the United Kingdom, by attracting new client relationships and retaining existing client relationships for the entities already serviced by leveraging its Business Development team, through the provision of high quality, premium service to the investment management industry. To augment this strategy, it is expected that further revenue growth will be achieved through existing clients expanding their product range with the Company and the Waystone Group. The Company positions itself as market pioneers and in this spirit, remains committed to delivering pioneering and market differentiating solutions to the evolving regulatory landscape.

Financial key performance indicators

The key performance indicator ("KPI") of the Company is based around the Company maintaining its Transfer Pricing requirements.

For the financial year ended 31 December 2020, the Company revenues were £1.1m (2019 £1.3m), which represents a decrease of 10% (2019:17% increase) on the previous financial year. Profits after tax were £46k (2019: £42k).

In addition to main financial key performance indicator, an annual review of the Waystone Group is conducted which also focuses on non-financial key performance indicators such as: service levels, staffing resources, internal control structures, regulatory status, any prior or pending legal or regulatory issues, financial reporting, business continuity, cyber security, policies and procedures.

Financial Position

The net assets of the Company at the end of the financial year were £212,572 (2019: £166,858), an increase of 27% (2019: 34%). The Company receives regular intercompany cash payments from its intercompany receivables.

Financial risk and management policies

Subject to the Directors' responsibility for the management functions of the Company, and having regard to the nature, of the Company's activities, the Directors are aware of the need to review all aspects of risk which are likely to affect the financial stability of the Company, whether it be from either the business development or the cost side of the business.

Given that a UK or global economic slowdown is a potential risk, management of the Company feels that it is vitally important to continue with the need to assess operating procedures and processes of the Company.

The key risks facing the Company are disclosed in note 16 to the financial statements.

By order of the board

Derek Delaney
Director

Matthew Russell Brown
Director

Derek Delaney

Matthew Brown

29 July 2021

29 July 2021

Waystone Governance (UK) Limited

DIRECTORS' REPORT

Significant events during the financial year and future developments

The Directors have remained the same throughout the financial year.

In the opinion of the Directors, that the nature and range of the Company's current activities and operations are limited in their scale and complexity and remains as primarily as a Business Development company.

Directors

The Directors who served during the financial year are Derek Delaney (appointed 18 September 2013), Jason Poonoosamy (appointed 22 June 2018) and Matthew Russell Brown (appointed 22 June 2018).

Results for the financial year

The Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2020 is set out on page 13.

The Directors are satisfied with the performance of the business during the financial year. As a result of the ongoing activity and in the context of COVID-19, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Dividends

The Directors do not propose to pay a dividend for the financial year ended 31 December 2020 (2019: nil).

Political and charitable contributions

The Company made no political donations or incurred any political expenditure during the financial year (2019: nil). The Company made no charitable donations in the financial year (2019: £828).

Related party transactions

Directors' remuneration and transactions are disclosed in note 6. The Directors' remuneration disclosed in note 6 represents the total compensation paid to key management personnel.

Post Statement of Financial Position events

Subsequent to the financial year end, the Company changed its legal name from DMS Governance (UK) Limited to Waystone Governance (UK) Limited.

On 31 December 2020, the transitional period of Great Britain leaving the European Union (or the "EU") ended. The rules governing the new relationship between the EU and Great Britain took effect on 1 January 2021 and the Directors do not believe this will have a material impact on the Company due to it primarily being a Business Development office with its only revenues being generated through inter-Group transactions with other companies of the Waystone Group.

Statement of relevant audit information

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

- So far as that each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- That Director has taken all the steps that ought to have been taken as a Director in order to be aware of the relevant audit information and to establish that the Company's auditors are aware of that information.

Waystone Governance (UK) Limited

DIRECTORS' REPORT


Independent auditor

The auditor, Grant Thornton Chartered Accountants & Statutory Auditors, will be proposed for reappointment in accordance with Section 485 of the UK Companies Act 2006.

Signed on behalf of the Board of Directors:



Derek Delaney
Director



Matthew Russell Brown
Director

29 July 2021

29 July 2021

Waystone Governance (UK) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities

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

UK Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (or "IFRS").

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 assets, liabilities and financial position of the Company and of its profit or loss for that financial year and otherwise comply with Companies Act 2006. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report and Strategic Report that complies with the requirements of the Companies Act 2006.

Signed on behalf of the Board of Board of Directors



Derek Delaney
Director

29 July 2021



Matthew Russell Brown
Director

29 July 2021

Independent auditor's report to the members of Waystone Governance (UK) Limited

Opinion

We have audited the financial statements of Waystone Governance (UK) Limited (or the "Company"), which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows for the financial year ended 31 December 2020, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (or "IFRS") as adopted by the European Union.

In our opinion, the Company's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the financial year then ended; and
- have been properly 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) (or "ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor 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 FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Company. 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 Board of Directors' (or the "Directors") use of 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 the date 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

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Strategic Report and the Directors' Report. The Directors are responsible for the other information. 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.

Independent auditor's report to the members of Waystone Governance (UK) Limited

Other information (continued)

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 in the financial statements, 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 management and those charged with governance for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as the Directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the members of Waystone Governance (UK) Limited

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of an auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Protection, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

Independent auditor's report to the members of Waystone Governance (UK) Limited

Responsibilities of the auditor for the audit of the financial statements (continued)

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company's regulatory and legal correspondence and review of minutes of Board of Directors' meetings during the financial year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including assessment of expected useful life of tangible assets and contracts.
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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



For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Auditors
Dublin
Ireland

29 July 2021

Waystone Governance (UK) Limited
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial year ended 31 December 2020

		Year Ended 31 Dec 2020 £	Year Ended 31 Dec 2019 £
	Notes		
Revenue	3	1,075,388	1,297,920
		<hr/>	<hr/>
Gross profit		1,075,388	1,297,920
Administrative expenses	4	(821,159)	(1,167,712)
		<hr/>	<hr/>
Operating profit before interest, depreciation and amortisation		254,229	132,208
Depreciation and amortisation		(150,796)	(53,884)
Interest receivable and similar income		29	8
Interest payable and similar expenses		(39,729)	(20,939)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		63,733	55,393
Tax on ordinary activities	7	(18,019)	(12,932)
		<hr/>	<hr/>
Profit for the financial year		45,714	42,461
		<hr/>	<hr/>
Other Comprehensive Income		-	-
		<hr/>	<hr/>
Total Comprehensive Profit for the year		-	-
		<hr/>	<hr/>

There was no other comprehensive income for the financial year (2019: Nil), and therefore the above "Profit for the financial year" equates to Total comprehensive income for the financial year.

The notes to these financial statements form an integral part of the financial statements.

Waystone Governance (UK) Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

		31 Dec 2020	31 Dec 2019
	Notes	£	£
Non-Current Assets			
Fixtures & fittings	8.1	120,800	153,000
Computer Hardware	8.2	19,934	13,027
Right-of-use asset	8.3	389,520	494,644
		<u>530,254</u>	<u>660,671</u>
Current Assets			
Trade receivables	9	215,138	347,974
Cash and cash equivalents	10	68,644	72,545
		<u>283,782</u>	<u>420,519</u>
Total Assets		<u><u>814,036</u></u>	<u><u>1,081,190</u></u>
Equity and Liabilities			
Equity attributable to owners of the company			
Called up share capital	13.1	100	100
Retained Earnings	13.2	212,472	166,758
Total Equity		<u>212,572</u>	<u>166,858</u>
Current Liabilities			
Trade Payables			
Payables: amounts falling due within one year	11	80,745	356,824
Lease Liability	12	154,836	39,477
		<u>235,581</u>	<u>405,307</u>
Non-Current Liabilities			
Trade Payables			
Lease Liability	12	365,883	518,021
Total Equity and Liabilities		<u><u>814,036</u></u>	<u><u>1,081,190</u></u>

Signed on behalf of the Board of Directors:

Derek Delaney
Derek Delaney
Director

29 July 2021
Number: 08695603

Matthew Russell Brown
Matthew Russell Brown
Director

29 July 2021 Company

Waystone Governance (UK) Limited
STATEMENT OF CHANGES IN EQUITY
As at 31 December 2020

	Share capital £	Retained earnings £	Total Equity £
Balance at 1 January 2019	100	124,297	124,397
Total Profit or Loss and Other Comprehensive Income for the financial year			
Profit for the year	-	42,461	42,461
Balance at 31 December 2019	<u>100</u>	<u>166,758</u>	<u>166,858</u>
Balance at 1 January 2020	100	166,758	166,858
Total Profit or Loss and Other Comprehensive Income for the financial year			
Profit for the year	-	45,714	45,714
Balance at 31 December 2020	<u>100</u>	<u>212,472</u>	<u>212,572</u>

Waystone Governance (UK) Limited
STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2020

	Notes	31 Dec 2020 £	31 Dec 2019 £
Cash flows from operating activities			
Profit for the financial year		45,714	42,461
Adjustments for:			
Depreciation of tangible assets		40,370	8,916
Depreciation on right-of-use leased assets		105,124	44,968
Interest paid/(received)		(29)	(8)
Interest payable on right-of-use leased assets		39,729	20,939
Tax on profit on ordinary activities		18,019	12,932
		<u>248,927</u>	<u>130,208</u>
Movements in working capital:			
Movement in trade receivables		37,846	(134,021)
Movement in amounts owed by group companies		94,990	(83,389)
Movement in amounts owed to group companies		(216,157)	233,976
Movement in trade payables		(75,253)	49,168
Movement in lease liability		(36,779)	557,498
Cash generated from operations		<u>53,574</u>	<u>738,440</u>
Tax paid/repaid		<u>(2,698)</u>	<u>(14,992)</u>
Net cash generated from operating activities		<u>50,876</u>	<u>738,448</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(15,077)	(174,943)
Lease Asset		-	(539,612)
Interest paid on right-of-use leased assets		<u>(39,729)</u>	<u>(20,939)</u>
Net cash (used in)/generated from investment activities		<u>(54,806)</u>	<u>(735,494)</u>
Cash flows from financing activities			
Interest receivable/payable		29	8
Net cash generated from financing activities		<u>29</u>	<u>8</u>
Net increase/(decrease) in cash and cash equivalents		(3,901)	2,962
Cash and cash equivalents at beginning of financial year		<u>72,545</u>	<u>69,583</u>
Cash and cash equivalents at end of financial year	10	<u>68,644</u>	<u>72,545</u>

The notes to these financial statements form an integral part of the financial statements.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

1. Reporting entity

Waystone Governance (UK) Limited (or the "Company") is a company limited by shares incorporated and domiciled in the United Kingdom. The Company is tax resident in the United Kingdom. The address of its registered office is 20-22, 2nd Floor, Bedford Row, London, England, WC1R 4EB.

2. Accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (or "IFRS").

The significant accounting policies adopted by the Company are applied consistently in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, and comply with UK Statute comprising the Companies Act 2006.

The Directors are satisfied with the performance of the business during the financial year. As a result of the ongoing activity, the Directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis.

The Directors have assessed the performance of this entity and are satisfied that there is a reasonable expectation that it will continue to be profitable for the foreseeable future.

2.2 Functional and presentation currency and foreign currency transactions

The financial statements are presented and reported in Great British Pound (or "GBP"), denoted by the symbol £, which is the functional currency of the Company.

Foreign currency transactions during the financial year have been translated at the rate of exchange using a daily transaction rate generated in the accounting software. Monetary assets and liabilities denominated in currencies other than GBP are translated at the exchange rates ruling at the Statement of Financial Position date. The resulting profits or losses are dealt with in the Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities are translated at historic rates.

2.3 Basic financial instruments

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

(ii) Trade and other payables

Trade and other payables are non-interest bearing and are stated at their nominal value. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the Statement of Financial Position date.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2 Accounting policies (continued)

2.3 Basic financial instruments (continued)

Financial Instruments

IFRS 9: Financial Instruments has been adopted by the Company in the preparation of the 2020 financial statements, in line with the requirements of IFRS.

Initial Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets – Classification and Subsequent Measurement

Financial assets are classified, at initial recognition, and subsequently measured as financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- The Company's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at amortised cost when both of the following conditions are met:

- The financial asset is held within a Business Model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest on the principal amount outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or Fair Value through Other Comprehensive Income (or "FVOCI") as described above are measured at Fair Value through Profit or Loss (or "FVTPL"). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed, and information is provided to management.

The information considered includes:

- the stated policies and objectives and the operation of those policies in practice;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2 Accounting policies (continued)

2.3 Basic financial instruments (continued)

Financial Instruments (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features, prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets at amortised cost are measured at amortised cost using the effective interest method.

Financial liabilities – Classification, subsequent measurement and gains and losses:

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company's financial liabilities include due to related parties, client deposits, long-term loans and accruals and accounts payable. These are measured at amortised cost. The Company considers the carrying value to be a reasonable approximation of fair value.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2 Accounting policies (continued)

2.3 Basic financial instruments (continued)

Financial Instruments (continued)

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than a specified amount of days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Company to actions such as realising security (if any is held);
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Management has assessed that the Groups Exposure at Default is 100% for all debit balances and 0% for all credit balances.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance that is out of the normal practice; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2 Accounting policies (continued)

2.3 Basic financial instruments (continued)

Financial Instruments (continued)

Presentation of allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company utilises an ECL model internally developed and updated by management. Inputs into the model is based upon management's assessment of the probability of default and loss given default.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Company has a policy of assessing all balances greater than 120 days. To date the Company has not had to record any related write offs

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.5 Employee benefits

Defined contribution plans and other long-term employee benefits. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the periods during which services are rendered by employees.

2.6 Revenue

Revenue consists of management fees charged to group companies. Revenue is recognised in the Statement of Profit or Loss or Other Comprehensive Income in the period in which it is earned.

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of the revenue can be reliably measured.

This basis of the management fee calculation is both reasonable and prudent.

Bank interest income or expense is recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate.

IFRS 15 Revenue from Contracts with Customers

The Company accounts for contracts with customers that fall within the scope of IFRS 15: Revenue from Contracts with Customers only when all of the following criteria are met:

- a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- b) the Company can identify each party's rights regarding the goods or services to be transferred;
- c) the Company can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract); and
- e) it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the Company will be entitled may be less than the price stated in the contract if the consideration is variable because the Company may offer the customer a price concession.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2 Accounting policies (continued)

2.6 Revenue (continued)

Professional service fees

Professional services fees are recorded by reference to the period of the service. Amounts earned but not yet billed are recorded as accrued income.

Performance obligations and revenue recognition policies

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

Type of Service	Nature and Timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15 (applicable from 01 January 2019)
Intercompany Management Charges	Waystone Governance (UK) Limited provides services to the other Waystone entities and recovers the group costs via intercompany recharges.	These services are recognised in the month they are provided.

2.7 Taxation

Current tax, including UK corporation tax (at a rate of 19%) is provided on the Company's taxable profits. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date. Provision is made at the rates expected to apply when the timing differences reverse.

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date. Deferred tax is not discounted.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2.8 Expenses

Expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred and are accounted for on an accruals basis.

2.9 Equity and reserves

All capital payments are booked to equity within share capital. Reserves consist of accumulated profit or loss as taken from the Statement of Profit or Loss and Other Comprehensive Income.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2 Accounting policies (continued)

2.10 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Fixtures, fittings and equipment: 12.5% straight line.

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

2.11 Impairments of assets

At the end of each reporting year, the Company conducts an impairment review of all its assets and assesses whether there is any indication that the recoverable amount of an asset is less than its carrying amount. If any such indication exists, the carrying amount of the asset is reduced to its recoverable amount, resulting in an impairment loss. Impairment losses are recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Where the circumstances causing an impairment of an asset, other than goodwill, no longer apply, then the impairment is reversed through the Statement of Profit or Loss and Other Comprehensive Income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

The recoverable amount of tangible fixed assets, goodwill and other intangible fixed assets is the higher of the fair value less cost to sell, of the asset and its value in use. The value in use of these assets is the present value of the cash flows expected to be derived from those assets. This is determined by reference to the present value of the future cash flows of the Company which is considered by the Directors to be a single cash generating unit.

2.12 Leases

Operating Leases rentals were charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term under FRS102 and were not shown on the Statement of Financial Position. On January 13, 2017, the IASB issued "IFRS 16 Leases" and replaces "IAS 17 Leases". The new standard requires a lessee to recognise an asset for the right to use the leased item and a liability for the present value of its future lease payments. IFRS 16 results in leases being recorded on the Company's statement of financial position, including those currently classified as operating leases except for short-term leases and leases with low value of the underlying asset. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January, 2020. There are practical expedients available whereby the Company will not need to reassess whether a contract is, or contains a lease, or reassess the accounting of sale leaseback transactions recognised prior to the date of initial application.

A lessee will apply IFRS 16 to its leases either retrospectively to each prior reporting period presented; or retrospectively with the cumulative effect of initially applying IFRS 16 being recognised at the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2020. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The Company has assessed the potential impact on its financial statements and has noted that as the lease for the Company was entered into at the start of the financial year there is no prior year retained earning adjustment required.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2 Accounting policies (continued)

2.12 Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in its Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the rate that the Company pay to borrow funds.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates

2.13 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the financial year. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if revision affects both current and future periods. The critical accounting judgements applied by management are:

- Assessment of the expected life of the contract - 5 years. Where certain contracts have a definite useful life, the incremental costs have been amortised over the appropriate life of the contract;
- Assessment of the expected life of the tangible assets:
 - Fixtures, fittings and equipment – 8 years.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

2.14 New standards adopted as at 01 January 2020

The following standards, amendments and interpretations have not had a significant impact on the Company's financial statements:

- Amendments to IFRS 3: Definition of a Business,
- Amendments to IAS 1 and IAS 8: Definition of Material,
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform,
- Various Standards: Amendments to Reference to the Conceptual Framework,
- Amendments to IFRS 16: COVID-19 Rent Related Concessions.

2.15 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Company

The following upcoming new or amended standards are not expected to have a significant impact on the Company's financial statements and are not yet effective:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 Insurance Contracts

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the International Accounting Standards Board ("IASB"). None of these Standards or amendments to existing Standards have been adopted early by the Company.

The Directors anticipate that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

3 INTERCOMPANY REVENUE AND RELATED FEES

The fees for the financial year have been derived from:

	31 Dec 2020 £	31 Dec 2019 £
External Revenue	750	-
Intercompany income - Management Fee Charge		
Revenue - Intercompany - Waystone Governance Cayman Limited	498,711	1,199,721
Waystone Management Services (Europe) Limited	455,966	98,199
Revenue – Intercompany – IND – Capital Solutions UK Limited	46,154	-
Revenue – Intercompany – IND – Host	73,807	-
	<u>1,075,388</u>	<u>1,297,920</u>

Geographical Market	31 Dec 2020 £	31 Dec 2020 £
Cayman Islands	498,711	1,199,721
UK	120,711	-
Ireland	455,966	98,199
	<u>1,075,388</u>	<u>1,297,920</u>

4 ADMINISTRATIVE EXPENSES

	31 Dec 2020 £	31 Dec 2019 £
Statutory auditors' remuneration	4,465	12,690
Staff costs (note 6)	541,641	704,430
Rent, Rates & Utilities	48,576	115,302
Travel Expenses	16,420	74,546
Accounting Fees	9,143	62,848
Insurance	2,433	26,792
Other expenses	198,481	171,104
	<u>821,159</u>	<u>1,167,712</u>

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

5 Employees remuneration

Number of employees

The average number of persons employed (including executive Directors) during the financial year was as follows:

	31 Dec 2020 Number	31 Dec 2019 Number
Management and staff	5	7

The staff costs (inclusive of Directors' salaries) comprise:

	31 Dec 2020 £	31 Dec 19 £
Wages and salaries	425,935	571,151
Social welfare costs	66,240	82,283
Pension costs	25,447	29,216
Other staff benefits	19,196	7,119
Other staff costs	4,823	14,661
	541,641	704,430

6 Directors remuneration

	31 Dec 2020 £	31 Dec 2019 £
Director salary	-	20,000
Social welfare costs	-	5,523
Pension costs	-	1,000
Rent received	-	24,038
Commissions	-	21,428
	-	71,989

During the financial year ended 31 December 2020, none of the Directors received remuneration for their directorships in the Company. The Directors have received remuneration for their services to other companies of the Waystone Group.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

7 Taxation on ordinary activities

	31 Dec 2020 £	31 Dec 2019 £
(a) Analysis of charge in the financial year		
Current tax expense		
Corporation tax on profit on ordinary activities	18,019	10,525
Under/(over) provision in prior financial year	-	2,407
	<u>18,019</u>	<u>12,932</u>
Total corporation tax expense	<u>18,019</u>	<u>12,932</u>
(b) Reconciliation of current tax charge based on applying the standard rate of tax to the loss per the financial statements and the current tax charge reported in the financial statements.		
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	63,733	55,393
	<u>63,733</u>	<u>55,393</u>
Current tax at 19%	12,109	10,525
<i>Effects of:</i>		
Under/(over) provision in prior financial year	-	2,407
Add expenses not allowable for corporation tax	29,509	-
Less deductions for capital expenditure	(23,599)	-
	<u>18,019</u>	<u>12,932</u>
Current corporation tax expense	<u>18,019</u>	<u>12,932</u>

8 TANGIBLE FIXED ASSETS

8.1 Fixtures and fittings

	31 Dec 2020 £	31 Dec 2019 £
Cost		
Opening balance	160,998	-
Additions	-	160,998
	<u>160,998</u>	<u>160,998</u>
Closing balance	160,998	160,998
Depreciation		
Opening Balance	7,998	-
Charge for the financial year	32,200	7,998
	<u>40,198</u>	<u>7,998</u>
Closing balance	40,198	7,998
Net book value	<u>120,800</u>	<u>153,000</u>

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

8 TANGIBLE FIXED ASSETS (continued)
8.2 Computer hardware

	31 Dec 2020	31 Dec 2019
	£	£
Cost		
Opening balance	23,423	9,478
Additions	15,077	13,945
	<hr/>	<hr/>
Closing balance	38,500	23,423
	<hr/>	<hr/>
Depreciation		
Opening Balance	10,396	9,478
Charge for the financial year	8,170	918
	<hr/>	<hr/>
Closing balance	18,566	10,396
	<hr/>	<hr/>
Net book value	19,934	13,027
	<hr/>	<hr/>

8.3 Right-of-use-asset

	31 Dec 2020	31 Dec 2019
	£	£
Cost		
Opening balance	539,612	-
Additions*	-	539,612
	<hr/>	<hr/>
Closing balance	539,612	539,612
	<hr/>	<hr/>
Depreciation		
Opening Balance	44,968	-
Charge for the financial year	105,124	44,968
	<hr/>	<hr/>
Closing balance	150,092	44,968
	<hr/>	<hr/>
Net book value	389,520	494,644
	<hr/>	<hr/>

*Includes one non-current right-of-use-asset for 20-22 Bedford Row which commenced on 15 July 2020 for a term of 5 years with extension options on 15 July 2024. The lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

9. TRADE RECEIVABLES

	31 Dec 2020	31 Dec 2019
	£	£
Trade and other receivables	80,637	86,332
VAT recoverable	4,466	54,075
Prepayments	47,454	29,996
Intercompany receivables	82,581	177,571
	<u>215,138</u>	<u>347,974</u>

10. CASH AND CASH EQUIVALENTS

	31-Dec-2020	31-Dec-2019
	£	£
Cash held at Lloyds	60,942	70,160
Cash held at Bank of Ireland	7,702	2,385
	<u>68,644</u>	<u>72,545</u>

11. TRADE PAYABLES

	31 Dec 2020	31 Dec 2019
	£	£
Amounts falling due within one year		
Trade payables	-	43,184
Tax payable	28,543	13,224
PAYE payable	-	25,000
Pension payable	3,269	3,109
Accruals	19,755	26,984
Amounts owed to group companies	29,178	245,335
	<u>80,745</u>	<u>914,332</u>

12. LEASE LIABILITY

The Company has entered into lease contracts for its registered office, as well as equipment within the office. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the Statement of Financial Position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 8).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

12. LEASE LIABILITY (continued)

Lease liabilities are split out in the Statement of Financial Position between current and non-current as follows:

	31-Dec-2020	31-Dec-2019
	£	£
Current portion of lease liability	154,836	39,477
Non-current portion of lease liability	365,883	518,021
	<u>517,103</u>	<u>557,498</u>

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised in the Statement of Financial Position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Avg. remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with termination options
Office building	1	2-5 years	4	1	-	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2020 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	5 years	Total
31-December-2020	£	£	£	£		£
Lease payment	186,406	159,322	159,322	79,661	-	584,711
Finance charge	31,570	21,351	10,313	4,374	-	67,608
Net present value	154,836	137,971	149,009	75,287	-	517,103

	Within 1 year	1-2 years	2-3 years	3-4 years	5 years	Total
31-December-2019	£	£	£	£		£
Lease payment	86,299	186,406	159,322	159,322	79,661	671,010
Finance charge	45,904	31,570	21,351	10,313	4,374	113,512
Net present value	40,395	154,836	137,971	149,009	75,287	557,498

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	31-Dec-2020	31-Dec-2019
	£	£
Leases of low value assets	1,973	-
	<u>1,973</u>	<u>-</u>

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

13. SHARE CAPITAL AND RESERVES

13.1 Called up share capital – equity

	31 Dec 2020	31 Dec 2019
	£	£
Allotted		
100 ordinary shares of £1 each	100	100
Called up and paid		
100 ordinary shares of £1 each	100	100

13.2 Reserves

	31 Dec 2020	31 Dec 2019
	£	£
Opening retained earnings	166,758	124,297
Profit for the Financial Year	45,714	42,461
Closing retained earnings	212,472	166,758

14. RELATED PARTY TRANSACTIONS AND CONTROLLING PARTY

Ultimate controlling parties

The immediate Parent Company to Waystone (UK) Limited is Waystone Centralised Services (IE) Limited, which is a Company incorporated in Ireland. Waystone Centralised Services (IE) Limited holds 100% of the share capital of the Company.

The largest group in which the results of the Company are consolidated is that headed by Cashel Compliance Topco Limited, which is a Company incorporated in Ireland in 2018. All companies ultimately owned by Cashel Compliance Topco Limited are collectively known to be a subsidiary of the Waystone Group.

Other related party transactions

Directors' remuneration and transactions are disclosed in note 6. The Directors' remuneration disclosed in note 6 represents the total compensation paid to key management personnel. Receivable balances relating to other group companies are disclosed in note 9. Please also refer to note 11 for balances payable to other Waystone Group companies.

Transactions with group companies

Included in note 3 is the following:

- £471,925 in revenue related to providing services to Waystone Management Services (Europe) Limited
- £455,966 in revenue related to providing services to DMS Governance (Cayman) Limited
- £46,154 in revenue related to providing services to DMS Capital Solutions (UK) for payroll services
- £73,807 in revenue related to providing services to Waystone Management (UK) Limited

Included in note 4 is the following:

- £3,444 of administration expenses intercompany services charged from Waystone
- £29,178 administration expenses charged from Cashel Compliance Bidco Limited

Other related party transactions

Directors' remuneration and transactions are disclosed in note 8. Receivables balances relating to other group companies are disclosed in note 9. Payables balances relating to other group companies are disclosed in note 11.

Financial commitments and obligations

The Directors are not aware of any material financial obligations entered into during the current financial period which have not been adequately reflected in the financial statements.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

15. FINANCIAL AND OTHER RISK MANAGEMENT

Market risk

The Company does not hold any investments on its Statement of Financial Position as 31 December 2020 and none of the Company's current assets are directly affected by financial markets. Consequently, the Company has no material market risk level and no sensitivity analysis has been performed.

In its discretionary business, the Company is as exposed as any other Business Development Company.

Waystone Group has a number of commercial relationships that could be used to replace any exposure that might arise as a result of key relationships being unavailable.

The impact of Brexit on the financial markets is not yet fully known, the transition is a complex and lengthy process. It is possible that Brexit could have cross border implication for financial activities between the UK and the EU. The Waystone Group through its concentration strategies seeks to diversify its client offerings across the EU and the rest of the world.

The Company has not yet determined the financial impact on the global pandemic of COVID-19.

Foreign exchange risk

The Company holds a significant amount of its net assets in GBP but has receivables in Euro. The foreign exchange risk on these Euro balances are kept to a minimum through regular conversions and balancing holdings in GBP equivalent amounts. This serves to minimise the material foreign exchange risks. Upon review, management have determined that there are no material receivable balances exposed to foreign exchange risk at the financial year end and therefore no sensitivity analysis has been performed.

Credit risk

The Directors are satisfied that no impairment provision is required in relation to trade receivables and that appropriate credit control procedures are in place to ensure timely collection of any monies due to the Company. At any given time, the Company is exposed to credit risk of the value of the trade receivables at that date. As at 31 December 2020, total trade receivables were £215,138 (2019 £347,974).

No cash is held in Money Market or credit assets. The Company can rely on funding from the Waystone Group to remain operational as a going concern.

Liquidity risk

All payables are due within 60 days, except for amounts owed to group companies, which are payable on demand and due within one financial year.

Concentration risk

In order to mitigate the concentration risk, the Company has a strong business development team who seek to develop a diversified asset class and client base for the Waystone Group entities it services.

Regulatory Reporting

All compliance reporting policy and procedure documents are reviewed on a regular basis and any changes are approved by the Directors. The Company, with support from Waystone Group Compliance, has operational procedures governing the reporting process including a cross-functional, two-level check in place for all reports submitted. The European Compliance Manager maintains a log of regulatory reporting to monitor filings and completion of reports for the Company.

Information Technology

As with all organisations Waystone Governance (UK) Limited is highly reliant on its systems in order to operate effectively. There is a detailed business continuity plan in place for the Company which enables the business to get up and running within a short space of time. Additionally, employees can access the systems from their own devices via internet connection. This link can be easily established in the case of an issue which restricts access to the building.

Waystone Governance (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2020

15. FINANCIAL AND OTHER RISK MANAGEMENT (Continued)

Legal-Regulation

The active monitoring of the regulatory environment and the flexible and nimble approach of Waystone Group helps to ensure that there is a continuous effort to develop all products on an on-going basis and to enable a quick reaction to any regulatory change that would negatively impact or restrict in some way, the current product offering and any future planned offerings. On a day to day basis, there are a team of experienced professionals (several with legal backgrounds) supported by locally appointed legal advisors.

Capital Risk

Waystone Governance (UK) Limited currently has arrangements in place to ensure that capitalisation is sufficient for future growth. The Company is funded by equity and capital contributions from Waystone Centralised Services Limited, its immediate parent company. There is a formal commitment letter in place from its parent to fund the business.

Insurance Risk

The Company holds insurance coverage to mitigate business and operational risk. It is covered under the insurance policy specifically designed for the Companies affiliated entities. The insurance policy provides cover for Directors & Officers ("D&O"), Professional Liability ("PII") and Fraud.

Fair Value Measurement

All assets and liabilities are carried at cost which approximate their fair value, and therefore no fair value hierarchy tables have been presented.

16. POST-STATEMENT OF FINANCIAL POSITION EVENTS

Subsequent to the financial year end, the Company changed its legal name from DMS Governance (UK) Limited to Waystone Governance (UK) Limited.

On 1 January 2021, the transitional period of Great Britain leaving the European Union (or the "EU") ended. The rules governing the new relationship between the EU and Great Britain took effect on 1 January 2021 and the Directors do not believe this will have a material impact on the Company due to it primarily being a Business Development office with its only revenues being generated through inter-Group transactions with other companies of the Waystone Group.

17. APPROVAL OF FINANCIAL STATEMENTS

The audited financial statements were approved on 29 July 2021.