

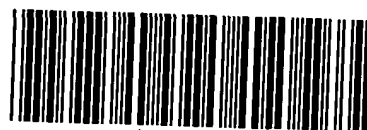
**Square Mile Investment Consulting and  
Research Limited**

**Directors' report and financial statements**

For the year ended 31 December 2022

Registered number: 08791142

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## Company Information

<b>Directors</b>	Simon Davies Mark Harries Lisa Juniper Andrew Pomfret Richard Romer-Lee Nigel Whittingham
<b>Registered number</b>	08791142
<b>Registered office</b>	C/O Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Royal Bank of Scotland 62/63 Threadneedle Street London EC2R 8LA

## Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8
Company statement of financial position	9 - 10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated Statement of cash flows	13 - 14
Notes to the financial statements	15 - 33

## **Directors' report**

For the year ended 31 December 2022

The directors present their report together with the consolidated financial statements of the Square Mile Investment Consulting and Research Limited group ('the group'), consisting of Square Mile Investment Consulting and Research Limited ('the company'), and its subsidiaries, Square Mile Investment Services Limited and Ethical Money Limited, for the year ended 31 December 2022.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,187,073 (2021 - £1,231,371).

During the year, the directors declared and paid a dividend totalling £812,108 (2021 - £505,782).

### **Directors**

The directors who served during the year were:

Martyn Cuff (resigned 17 January 2022)  
Simon Davies  
Mark Harries  
Lisa Juniper (appointed 23 September 2022)  
Steven Kenny (resigned 28 February 2023)  
Andrew Pomfret  
Richard Romer-Lee  
Nigel Whittingham

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report and the consolidated 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 the group and of the profit or loss of the group for that period.

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

- select suitable accounting policies for the group'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 group 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 the group 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 the group 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 2022

### 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 and the group'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 and the group's auditor is aware of that information.

### Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 3rd April 2023 and signed on its behalf by:



**Richard Romer-Lee**  
Director

## **Independent auditor's report to the members of Square Mile Investment Consulting and Research Limited**

For the year ended 31 December 2022

### **Opinion**

We have audited the financial statements of Square Mile Investment Consulting and Research Limited ('the company') and its subsidiaries (together 'the group') for the year ended 31 December 2022, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated and Company Statement of changes in equity, the Consolidated 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 group's and of the parent company's affairs as at 31 December 2022 and of the group's 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 group 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 group's or the parent 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 Square Mile Investment Consulting and Research Limited (continued)**

For the year ended 31 December 2022

### **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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Independent auditor's report to the members of Square Mile Investment Consulting and Research Limited (continued)

For the year ended 31 December 2022

### 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 Group 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 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 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; and
- 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.

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

- making enquiries of management;
- inspecting legal expenditure and correspondence 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.



## Independent auditor's report to the members of Square Mile Investment Consulting and Research Limited (continued)

For the year ended 31 December 2022

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

#### *How the audit was considered capable of detecting irregularities including fraud (continued)*

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 period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management;
- tested completeness of turnover by reviewing fund contracts and invoices and investigated any material variances from 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:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. 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.

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](http://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, 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.



Peter Chapman (Senior statutory auditor)

for and on behalf of

**Buzzacott LLP**

Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date: 4 April 2023

## Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	8,125,898	7,918,092
<b>Gross profit</b>		<b>8,125,898</b>	<b>7,918,092</b>
Administrative expenses		(6,622,217)	(6,279,322)
Exceptional administrative expenses		(31,000)	(113,625)
Fair value movements		11,746	-
<b>Operating profit</b>	5	<b>1,484,427</b>	<b>1,525,145</b>
Interest receivable and similar income		1,060	-
Interest payable and similar expenses		-	(3,991)
<b>Profit before taxation</b>		<b>1,485,487</b>	<b>1,521,154</b>
Tax on profit	9	(298,414)	(289,783)
<b>Profit for the financial year</b>		<b>1,187,073</b>	<b>1,231,371</b>
<b>Total comprehensive income for the year</b>		<b>1,187,073</b>	<b>1,231,371</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		1,187,073	1,231,371
		<b>1,187,073</b>	<b>1,231,371</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

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

## Consolidated statement of financial position

As at 31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	598,069	730,304
Tangible assets	14	46,992	37,395
Investments	15	1,752,860	5,137
		<u>2,397,921</u>	<u>772,836</u>
<b>Current assets</b>			
Debtors	16	1,472,518	1,192,204
Cash at bank and in hand	17	3,687,177	5,376,043
		<u>5,159,695</u>	<u>6,568,247</u>
Creditors: amounts falling due within one year	18	(2,572,623)	(2,905,005)
<b>Net current assets</b>		<u>2,587,072</u>	<u>3,663,242</u>
<b>Total assets less current liabilities</b>		<u>4,984,993</u>	<u>4,436,078</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(11,747)	(9,348)
<b>Net assets</b>		<u><u>4,973,246</u></u>	<u><u>4,426,730</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,361,238	1,353,515
Share premium account	21	1,003,865	880,033
Other reserves	21	213,696	173,700
Profit and loss account	21	2,394,447	2,019,482
		<u><u>4,973,246</u></u>	<u><u>4,426,730</u></u>

The financial statements were approved and authorised for issue by the board on 3rd April 2023 and were signed on its behalf by:



**Richard Romer-Lee**  
Director

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

## Company statement of financial position

As at 31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	92,091	156,862
Tangible assets	14	46,992	37,395
Investments	15	1,657,546	1,421,569
		<u>1,796,629</u>	<u>1,615,826</u>
<b>Current assets</b>			
Debtors	16	3,710,438	2,942,501
Cash at bank and in hand	17	370,341	1,099,266
		<u>4,080,779</u>	<u>4,041,767</u>
Creditors: amounts falling due within one year	18	(2,431,921)	(2,571,102)
<b>Net current assets</b>		<u>1,648,858</u>	<u>1,470,665</u>
<b>Total assets less current liabilities</b>		<u>3,445,487</u>	<u>3,086,491</u>
<b>Provisions for liabilities</b>			
Deferred taxation	20	(11,747)	(9,348)
<b>Net assets</b>		<u><u>3,433,740</u></u>	<u><u>3,077,143</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,361,238	1,353,515
Share premium account	21	1,003,865	880,033
Other reserves	21	213,696	173,700
Profit and loss account brought forward		669,895	626,839
Profit for the year		997,155	548,838
Other changes in the profit and loss account		(812,109)	(505,782)
		<u>854,941</u>	<u>669,895</u>
<b>Profit and loss account carried forward</b>		<u><u>3,433,740</u></u>	<u><u>3,077,143</u></u>

**Company statement of financial position (continued)**

As at 31 December 2022

The financial statements were approved and authorised for issue by the board on 3rd April 2023 and were signed on its behalf by:



**Richard Romer-Lee**  
Director

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

## Consolidated statement of changes in equity

For the year ended 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Share options reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
<b>At 1 January 2021</b>	<b>1,331,006</b>	<b>676,043</b>	<b>-</b>	<b>160,717</b>	<b>1,293,893</b>	<b>3,461,659</b>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,231,371	1,231,371
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,231,371</b>	<b>1,231,371</b>
Dividends: Equity capital	-	-	-	-	(505,782)	(505,782)
Shares issued during the year	22,509	203,990	-	-	-	226,499
Share based payment	-	-	-	12,983	-	12,983
<b>Total transactions with owners</b>	<b>22,509</b>	<b>203,990</b>	<b>-</b>	<b>12,983</b>	<b>(505,782)</b>	<b>(266,300)</b>
<b>At 1 January 2022</b>	<b>1,353,515</b>	<b>880,033</b>	<b>-</b>	<b>173,700</b>	<b>2,019,482</b>	<b>4,426,730</b>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	1,187,073	1,187,073
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,187,073</b>	<b>1,187,073</b>
Dividends: Equity capital	-	-	-	-	(812,108)	(812,108)
Purchase of own shares	(3,750)	-	3,750	-	-	-
Shares issued during the year	11,473	123,832	(3,750)	-	-	131,555
Share based payment	-	-	-	39,996	-	39,996
<b>Total transactions with owners</b>	<b>7,723</b>	<b>123,832</b>	<b>-</b>	<b>39,996</b>	<b>(812,108)</b>	<b>(640,557)</b>
<b>At 31 December 2022</b>	<b>1,361,238</b>	<b>1,003,865</b>	<b>-</b>	<b>213,696</b>	<b>2,394,447</b>	<b>4,973,246</b>

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

## Company statement of changes in equity

For the year ended 31 December 2022

	Called up share capital	Share premium account	Capital redemption reserve	Share options reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
<b>At 1 January 2021</b>	<b>1,331,006</b>	<b>676,043</b>	<b>-</b>	<b>160,717</b>	<b>626,839</b>	<b>2,794,605</b>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	548,838	548,838
Dividends: Equity capital	-	-	-	-	(505,782)	(505,782)
Shares issued during the year	22,509	203,990	-	-	-	226,499
Share based payment	-	-	-	12,983	-	12,983
<b>Total transactions with owners</b>	<b>22,509</b>	<b>203,990</b>	<b>-</b>	<b>12,983</b>	<b>(505,782)</b>	<b>(266,300)</b>
<b>At 1 January 2022</b>	<b>1,353,515</b>	<b>880,033</b>	<b>-</b>	<b>173,700</b>	<b>669,895</b>	<b>3,077,143</b>
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	997,155	997,155
Dividends: Equity capital	-	-	-	-	(812,109)	(812,109)
Purchase of own shares	(3,750)	-	3,750	-	-	-
Shares issued during the year	11,473	123,832	(3,750)	-	-	131,555
Share based payment	-	-	-	39,996	-	39,996
<b>Total transactions with owners</b>	<b>7,723</b>	<b>123,832</b>	<b>-</b>	<b>39,996</b>	<b>(812,109)</b>	<b>(640,558)</b>
<b>At 31 December 2022</b>	<b>1,361,238</b>	<b>1,003,865</b>	<b>-</b>	<b>213,696</b>	<b>854,941</b>	<b>3,433,740</b>

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

## Consolidated statement of cash flows

For the year ended 31 December 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,187,073	1,231,371
<b>Adjustments for:</b>		
Amortisation of intangible assets	155,451	185,956
Depreciation of tangible assets	19,553	26,963
Interest received	(1,060)	3,991
Taxation charge	298,414	289,783
(Increase) in debtors	(280,314)	(168,061)
(Decrease)/increase in creditors	(207,192)	230,156
Net fair value (gains)/losses recognised in P&L	(11,746)	309
Corporation tax (paid)	(421,205)	(222,493)
Share based payment expense	39,996	12,983
<b>Net cash generated from operating activities</b>	<b>778,970</b>	<b>1,590,958</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(23,216)	(80,122)
Purchase of tangible fixed assets	(29,150)	(30,167)
Purchase of unlisted and other investments	(1,735,977)	-
Sale of unlisted and other investments	-	750,000
Interest received	1,060	(3,991)
<b>Net cash from investing activities</b>	<b>(1,787,283)</b>	<b>635,720</b>



## Consolidated statement of cash flows (continued)

For the year ended 31 December 2022

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	135,305	226,499
Purchase of ordinary shares	(3,750)	-
Dividends paid	(812,108)	(505,782)
<b>Net cash used in financing activities</b>	<b>(680,553)</b>	<b>(279,283)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,688,866)</b>	<b>1,947,395</b>
Cash and cash equivalents at beginning of year	5,376,043	3,428,648
<b>Cash and cash equivalents at the end of year</b>	<b>3,687,177</b>	<b>5,376,043</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,687,177	5,376,043
	<b>3,687,177</b>	<b>5,376,043</b>

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

## Notes to the financial statements

For the year ended 31 December 2022

### 1. General information

Square Mile Investment Consulting and Research Limited is a private company limited by shares and incorporated in England & Wales. The address of the registered office is c/o Buzzacott LLP, 130 Wood Street, London, EC2V 6DL. The company's principal place of business is 24 King William Street, London, EC4R 9AT. The registration number of the company is 08791142.

### 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 group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

#### 2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding 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 group 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 2022

### 2. Accounting policies (continued)

#### 2.3 Turnover (continued)

The group has four income streams:

- Consulting income is made up of some work which is recurring and requires ongoing support to the client, while other pieces of work are a one off. Where the work is recurring it is recognised over the term of the contract in accordance with the stage of completion of the contract, while for one off pieces of work turnover is recognised in full when invoiced.
- Marketing Licence income is made up of some work which is recurring and requires ongoing support to the client, while other pieces of work are a one off. Where the work is recurring it is recognised over the term of the contract in accordance with the stage of completion of the contract, while for one off pieces of work turnover is recognised in full when invoiced.
- Talking factsheets, all of which is a one off service, where income earned is recognised in full when invoiced.
- Discretionary portfolio management fees, all of which is recurring and requires ongoing support, and is therefore accrued monthly.

#### 2.4 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Capitalised software development costs are considered to have a finite useful life.

Amortisation is provided on the following basis:

Software development costs	-	33.33% per annum
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Initial capitalisation of software development costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

## Notes to the financial statements

For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.5 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 group management.

The group 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 group. 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.

Depreciation is provided on the following basis:

Office equipment	-	33.33%	per annum
Computer equipment	-	33.33%	per annum

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.

#### 2.6 Operating leases

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

#### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted cash unit trusts are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the profit or loss for the period.

#### 2.8 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.

#### 2.9 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 Consolidated 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 group's cash management.

## Notes to the financial statements

For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.10 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.

#### 2.11 Financial instruments

The group only enters into transactions that result in the recognition of basic financial instruments like trade and other debtors and creditors, related party loans and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, 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.

Investments in non-puttable ordinary shares are measured at cost less impairment.

Financial assets that are measured at cost or 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 Consolidated statement of comprehensive income.

#### 2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 2.13 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

## Notes to the financial statements

For the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

#### 2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.16 Exceptional items

Exceptional items are transactions that fall outside of the ordinary activities of the group and are considered to be non-recurring in nature. Exceptional items are therefore presented separately.

## Notes to the financial statements

For the year ended 31 December 2022

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

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

The directors considered areas involving estimation uncertainty or significant judgement to be in relation to:

- Software development costs - capitalisation as an intangible asset is considered appropriate as these costs meet the recognition criteria of an intangible asset in accordance with FRS 102;
- Amortisation of goodwill - the directors consider that amortisation of goodwill over a period of 10 years is appropriate and in accordance with the requirements of FRS 102; and
- Share based payments - in accordance with FRS 102, provision is made for an expense in respect of share based payments in the form of share options issued in the year, where it is likely that these options will vest.

The directors believe that there are no further areas involving significant estimation uncertainty or the application of significant judgement.

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Provision of investment management services	5,151,413	4,858,989
Research and consulting	2,974,485	3,059,103
	<u>8,125,898</u>	<u>7,918,092</u>

All turnover arose within the United Kingdom.

### 5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Amortisation of intangible assets	155,451	185,956
Depreciation of tangible fixed assets	19,553	26,963
Other operating lease rentals	215,984	195,470

## Notes to the financial statements

For the year ended 31 December 2022

### 6. Auditor's remuneration

During the year, the group obtained the following services from the group's auditor and its associates:

	2022 £	2021 £
Fees payable to the group's auditor and its associates for the audit of the consolidated and parent company's financial statements	12,500	11,000
Fees payable to the group's auditor and its associates in respect of:		
The auditing of accounts of associates of the group	9,000	7,000
Audit-related assurance services	2,500	2,000
Taxation compliance services	5,250	4,600
All non-audit services not included above	45,962	56,509

### 7. Staff costs and average number of employees

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

	2022 £	2021 £
Wages and salaries	4,303,179	4,032,314
Social security costs	569,995	476,139
Cost of defined contribution pension scheme	141,488	126,773
	5,014,662	4,635,226

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

	2022 Number	2021 Number
CEO	1	1
Business Development and client relationships	7	6
Investments	6	6
Operations	10	9
Research and Analyst	18	21
Marketing	3	5
	45	48



## Notes to the financial statements

For the year ended 31 December 2022

### 8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	713,293	705,950
Company contributions to defined contribution pension schemes	12,991	15,200
	<u>726,284</u>	<u>721,150</u>

During the year retirement benefits were accruing to 3 directors (2021 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £220,915 (2021 - £229,178).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,020 (2021 - £6,750).

### 9. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	296,015	286,856
	<u>296,015</u>	<u>286,856</u>
<b>Total current tax</b>	<u>296,015</u>	<u>286,856</u>
<b>Deferred tax</b>		
Movement in deferred tax	2,399	2,927
<b>Total deferred tax</b>	<u>2,399</u>	<u>2,927</u>
<b>Taxation on profit on ordinary activities</b>	<u>298,414</u>	<u>289,783</u>

## Notes to the financial statements

For the year ended 31 December 2022

### 9. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,485,487</u>	<u>1,521,154</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	282,242	289,019
Effects of:		
Expenses not deductible for tax purposes	4,170	1,384
Fixed asset differences	(1,614)	(1,281)
Non taxable income	10,961	12,818
Other differences leading to an increase (decrease) in the tax charge	2,080	(14,402)
Remeasurement of deferred tax for changes in rates	575	2,245
<b>Total tax charge for the year</b>	<u><b>298,414</b></u>	<u><b>289,783</b></u>

#### 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.

### 10. Dividends

	2022 £	2021 £
Dividends payable £0.60 (2021- £0.38) per ordinary share	<u>812,108</u>	<u>505,782</u>
	<u><b>812,108</b></u>	<u><b>505,782</b></u>

## Notes to the financial statements

For the year ended 31 December 2022

### 11. Exceptional items

In line with the requirements of FRS 102, the group has presented expenses relating to a settlement agreement in respect of a senior member of personnel as 'exceptional'. Given the material nature of this event, and that it possesses a high degree of abnormality, falling outside of the ordinary activities of the company, it has been disclosed separately.

	2022 £	2021 £
Settlement expenses incurred in the year	31,000	113,625
	<u>31,000</u>	<u>113,625</u>

### 12. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £997,155 (2021 - £548,838).

### 13. Intangible assets

#### Group

	Development expenditure £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2022	484,024	674,638	1,158,662
Additions	23,216	-	23,216
At 31 December 2022	<u>507,240</u>	<u>674,638</u>	<u>1,181,878</u>
<b>Amortisation</b>			
At 1 January 2022	327,162	101,196	428,358
Charge for the year	87,987	67,464	155,451
At 31 December 2022	<u>415,149</u>	<u>168,660</u>	<u>583,809</u>
<b>Net book value</b>			
At 31 December 2022	<u>92,091</u>	<u>505,978</u>	<u>598,069</u>
At 31 December 2021	<u>156,862</u>	<u>573,442</u>	<u>730,304</u>

## Notes to the financial statements

For the year ended 31 December 2022

### 13. Intangible assets (continued)

#### Company

	Development expenditure £
<b>Cost</b>	
At 1 January 2022	484,024
Additions	23,216
At 31 December 2022	507,240
<b>Amortisation</b>	
At 1 January 2022	327,162
Charge for the year	87,987
At 31 December 2022	415,149
<b>Net book value</b>	
At 31 December 2022	92,091
At 31 December 2021	156,862

## Notes to the financial statements

For the year ended 31 December 2022

### 14. Tangible fixed assets

#### Group

	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	3,074	92,045	95,119
Additions	1,449	27,701	29,150
At 31 December 2022	4,523	119,746	124,269
<b>Depreciation</b>			
At 1 January 2022	576	57,148	57,724
Charge for the year	912	18,641	19,553
At 31 December 2022	1,488	75,789	77,277
<b>Net book value</b>			
At 31 December 2022	3,035	43,957	46,992
At 31 December 2021	2,498	34,897	37,395

## Notes to the financial statements

For the year ended 31 December 2022

### Company

	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	3,074	87,106	90,180
Additions	1,449	27,701	29,150
At 31 December 2022	4,523	114,807	119,330
<b>Depreciation</b>			
At 1 January 2022	576	52,209	52,785
Charge for the year	912	18,641	19,553
At 31 December 2022	1,488	70,850	72,338
<b>Net book value</b>			
At 31 December 2022	3,035	43,957	46,992
At 31 December 2021	2,498	34,897	37,395

### 15. Fixed asset investments

#### Group

	Unlisted investments £	Other fixed asset investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	-	5,137	5,137
Additions	235,977	1,500,000	1,735,977
Revaluations	-	11,746	11,746
At 31 December 2022	235,977	1,516,883	1,752,860

Other fixed asset investments relate to the investment in the Legal & General Unit Trust ('L & G Cash Trust (1)').

## Notes to the financial statements

For the year ended 31 December 2022

### 15. Fixed asset investments (continued)

#### Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	1,421,569	-	1,421,569
Additions	-	235,977	235,977
At 31 December 2022	<u>1,421,569</u>	<u>235,977</u>	<u>1,657,546</u>

#### Subsidiary undertakings

At 31 December 2022, the following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Square Mile Investment Services Limited	Investment management	Ordinary	100%
Ethical Money Limited	Research and Consulting	Ordinary	100%

The registered office address of the subsidiary undertakings is the same as that of the company.

Ethical Money Limited has been included in the group's consolidated financial statements and is individually exempt from audit by virtue of section 479A of the Companies Act 2006.

## Notes to the financial statements

For the year ended 31 December 2022

### 16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	306,378	603,907	177,439	448,583
Amounts owed by group undertakings	-	-	2,771,874	2,320,563
Other debtors	598,841	35,567	598,835	35,562
Prepayments and accrued income	567,299	552,730	162,290	137,793
	<u>1,472,518</u>	<u>1,192,204</u>	<u>3,710,438</u>	<u>2,942,501</u>

### 17. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	3,687,177	5,376,043	370,341	1,099,266
	<u>3,687,177</u>	<u>5,376,043</u>	<u>370,341</u>	<u>1,099,266</u>

### 18. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	74,824	160,473	69,940	151,602
Corporation tax	171,604	296,794	105,591	39,478
Other taxation and social security	268,378	271,007	239,636	242,166
Other creditors	-	143,030	-	143,030
Accruals and deferred income	2,057,817	2,033,701	2,016,754	1,994,826
	<u>2,572,623</u>	<u>2,905,005</u>	<u>2,431,921</u>	<u>2,571,102</u>

### 19. Consolidated analysis of net debt

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



## Notes to the financial statements

For the year ended 31 December 2022

### 20. Deferred taxation

#### Group

	2022 £	2021 £
At beginning of year	(9,348)	(6,421)
Charged to profit or loss	(2,399)	(2,927)
<b>At end of year</b>	<b>(11,747)</b>	<b>(9,348)</b>

#### Company

	2022 £	2021 £
At beginning of year	(9,348)	(6,421)
Charged to profit or loss	(2,399)	(2,927)
<b>At end of year</b>	<b>(11,747)</b>	<b>(9,348)</b>

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Timing differences	(11,747)	(9,348)	(11,747)	(9,348)
	<b>(11,747)</b>	<b>(9,348)</b>	<b>(11,747)</b>	<b>(9,348)</b>

## Notes to the financial statements

For the year ended 31 December 2022

### 21. Reserves

Share premium account

The share premium account includes any premium received on the issue of share capital.

Profit and loss account

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

Other reserves

Other reserves in respect of both group and company relate to the share based payment expense in relation to outstanding share options. The issue of share options to staff and directors for a predetermined exercise price is a form of staff compensation. In accordance with Section 26 of FRS 102, the issue of the options must therefore be treated as an expense and credited to other reserves, calculated as the difference between the market value at the time of issue and the current market value.

The expense is recognised over the life of the option and provided for, as it is probable that the options issued will vest.

Capital redemption reserve

The capital redemption reserve in respect of both group and company includes any shares that were purchased back by the group and company during the year.

### 22. Share capital

	2022 £	2021 £
<b>Authorised, allotted, called up and fully paid</b>		
1,361,238 (2021 - 1,353,515) Ordinary shares of £1.00 each	<b>1,361,238</b>	1,353,515

## Notes to the financial statements

For the year ended 31 December 2022

### 22. Share capital (continued)

During the year ended 31 December 2022, the group and company repurchased 3,750 ordinary shares which were subsequently re-issued.

As at 1 January 2022, the number of share options issued but not vested totalled 242,762. The weighted average exercise price of these share options was £15.65 per share.

59,035 share options were issued during the year.

3,865 share options were exercised in the year at an average issue price of £10.50 per option.

894 options lapsed in 2020 and a further 15,000 lapsed in 2021 due to staff opting not to exercise their options. In 2022, 98,199 options lapsed however, of these, 51,535 options were reissued.

At 31 December 2022, 199,733 share options with a weighted exercise price of £15.80 remained outstanding.

Of these 51,364 vested and became exercisable in the year ended 31 December 2022.

2,086 vested and became exercisable in May 2019. 1,192 of these shares will lapse if not exercised by 31 March 2023 with the remaining 894 lapsing if not exercised by December 2024.

10,000 vested and became exercisable in December 2021; these options will lapse if not exercised by December 2026.

Of the remaining options, 107,909 options will vest and become exercisable in 2023 and 28,374 in 2024.

These options will lapse between a year to nineteen years from their vesting date.

### 23. Contingent liabilities

In common with industry practice and having taken professional advice, Square Mile Investment Services Limited stopped applying VAT on its Managed Portfolio Services (MPS) from 1 May 2021. Under Consumer Duty regulation, the FCA have explicitly defined MPS as a product rather than a service which supports the fact that the exemption applies.

If HMRC were to successfully challenge that MPS income is subject to VAT, this may result in a negative profit impact of approximately £1m relating to the years ended 31 December 2022 and 31 December 2021. However, the directors do not consider this to be a probable risk and therefore have chosen not to provide for this in the financial statements (consistent with the approach adopted in the 2021 financial statements).

The group and company had no other contingent liabilities at 31 December 2022 or 31 December 2021.

### 24. Capital commitments

The group and company had no capital commitments at 31 December 2022 or 31 December 2021.

## Notes to the financial statements

For the year ended 31 December 2022

### 25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £141,488 (2021 - £126,773). No amounts were payable in contributions to the fund at the reporting date.

### 26. Commitments under operating leases

At 31 December 2022, the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group</b> <b>2022</b> £	Group 2021 £	<b>Company</b> <b>2022</b> £	Company 2021 £
Not later than 1 year	<b>284,000</b>	227,148	<b>284,000</b>	227,148
Later than 1 year and not later than 5 years	<b>96,000</b>	18,929	<b>96,000</b>	18,929
	<b>380,000</b>	246,077	<b>380,000</b>	246,077

### 27. Related party transactions

The financial statements do not include disclosure of transactions between the company and its subsidiaries. This is because, as the subsidiaries are wholly owned within the group, disclosure of such transactions is not required in accordance with Section 33.1A of FRS 102.

#### *Key management personnel compensation*

The only key management personnel are the directors. Key management personnel compensation has been disclosed in note 8 of the financial statements.

### 28. Controlling party

In the opinion of the directors, there is no ultimate controlling party.