

REGISTERED NUMBER: 09220456 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
PILLING & CO STOCKBROKERS LTD



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FOR THE YEAR ENDED 31 DECEMBER 2021

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The company provides the services of a firm of stockbrokers. Investment products offered include ISAs, SIPPs, AIM portfolios, CTFs, Junior ISAs and nominee holdings.

Essentially, three levels of service can be provided to clients:

- Execution only dealing services, where the company acts only on the instructions to buy and sell investments provided by clients;
- Investment management services, where the company provides advice to clients but the ultimate decision on what to buy and sell remains with the client;
- Discretionary management services, where the company is given the authority to make the decisions on what to buy and sell and perform those transactions for the client.

PRINCIPAL RISKS AND UNCERTAINTIES

There are three principal risks that affect the business:

- Activity in and values of the markets. Revenues earned from services to clients are dependent on both the levels of activity in the markets (which generate commissions for the company) and the values of those markets (which determine the management and custody fees chargeable to clients);
- Regulation. The company is regulated by the Financial Conduct Authority (FCA). The rules set by and charges levied by the FCA can have a significant impact on the earning potential of the company. The UK Government can also affect the potential of the company by introducing/withdrawing new investment vehicles or adding/subtracting features of existing ones. The Investment Firms Prudential Regime (IFPR), implemented on 1st January 2022, is a wide-ranging overhaul of the prudential rules governing investment firms, which aims to be more relevant to such businesses than the previous regime which was more suited to banking institutions. Significant elements of scheme include changes to:
 - Capital resources requirements (including new K-factor capital requirement calculations);
 - Overall Financial Adequacy Rules (including trigger points for reporting low capital or liquid cash resources to the FCA);
 - Risk Management (with the new Internal Capital Adequacy and Risk Assessment (ICARA) replacing the Internal Capital Adequacy Assessment Process (ICAAP);
 - Remuneration Policy;
 - Reporting and Disclosures
- Competition. Pilling & Co Stockbrokers Ltd are in competition with a number of other stockbroking firms. However, the company concentrates on distinguishing itself by providing clients with a quality personal service rather than cheaper, impersonal, internet-based services.

For 2022, there are additional matters the firm will regularly review:

- The war in Ukraine. This can impact the firm in numerous ways, but predominantly:
 - Sanctions on potential clients, financial institutions and specific stocks require vigilance from the firm to ensure compliance with the requirements;
 - Impact on the markets, the conflict has already seen variances in activity and the value of the markets.
- The continuing global coronavirus pandemic. Though restrictions have been relaxed in the UK, the disease is still having a significant impact in areas of the world and future fluctuations on the markets and even the reintroduction of restrictions in the UK cannot be ruled out. These influences could still impact the company.
- Maturing Child Trust Funds (CTFs) - more than a year into the era of CTF holders turning 18 and gaining control of their accounts and it is clear that most who contact Pillings wish to extract the value of their investment. This creates challenges in several areas, both in terms of accounting and administration, but these are easing.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

REVIEW OF BUSINESS PERFORMANCE FOR THE FINANCIAL PERIOD

An analysis of income generated over the last five years shows that, despite the downward pressures on income arising from low interest rates and restrictions on types of income, the total level of revenue has continued to be reasonably robust. Portfolio management fees continually improve.

Income category	2017 £K	2018 £K	2019 £K	2020 £K	2021 £K
Broking commission	2,729	2,464	2,114	2,489	2,782
Portfolio management fees	1,572	1,722	1,796	1,784	2,138
Stellar related fees	464	546	489	452	343
Custody fees	1,876	1,978	1,924	1,981	2,348
Other	63	68	68	55	67
Sundry income	5	4	3	2	4
Interest received	227	311	502	290	97
TOTAL	6,936	7,093	6,896	7,053	7,779

The general trend in recent years has been of continued increases in portfolio management fees (investment management and discretionary management) mitigating the reduced interest receivable. In 2021 portfolio management fees rose by almost 20% but this was supplemented by higher levels of commission and custody fees generated. All of these increases were helped significantly by the markets recovering from the 2020 shock induced by the coronavirus pandemic. Following the cessation of the agreement with Stellar in 2019, the income related to that continues to reduce, though many of the clients who joined under that arrangement remain with Pillings. The very low interest rates during the pandemic led to such receipts falling to the lowest level for many years. Recent rate increases provide some expectation that this income will at least improve a little in the near future.

Costs within the firm increased by around 6.7% from last year. This year saw, for the first time, the full costs of the investment in cloud-based IT infrastructure for a whole year. As is becoming traditional, the costs of the Financial Services Compensation Scheme levy and professional indemnity insurance premiums increased significantly again. Naturally, there are also normal inflationary pressures common to most other costs the firm incurs.

The cost increases though, are less than the increased income for the year. As a result, profit before tax for 2021 is back to levels similar to four years ago, improving around £400K on that of the last two years.

	2017 £K	2018 £K	2019 £K	2020 £K	2021 £K
Profit before tax	2,617	2,482	2,271	2,253	2,657

FUTURE DEVELOPMENTS

With the situations relating to Covid-19 and Brexit diminishing with time and the war in Ukraine is not expected to have the same level of demands on management time, it is envisaged that more time to consider the future development of the firm may be possible. To that effect an exercise, led by the Directors, to look at options for the future is underway. A major element of this is a look at the best ways to promote the firm.

The upgrades to the firm's stockbroking software system that were under consideration for 2021 will be introduced in 2022. This should enable improvements to the efficiency and consistency of the activities carried out for clients.

ON BEHALF OF THE BOARD:



Mr D L Morgan - Director

26 April 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

Final dividends per share in respect of the financial year ended 31 December 2020 were paid as follows:

A Ordinary £1 shares	12.5p	- 24 February 2021
B Ordinary £1 shares	12.5p	- 24 February 2021

Interim dividends per share in respect of the financial year ended 31 December 2021 were paid as follows:

A Ordinary £1 shares	12.5p	- 14 May 2021
B Ordinary £1 shares	12.5p	- 14 May 2021
A Ordinary £1 shares	11.25p	- 23 August 2021
B Ordinary £1 shares	11.25p	- 23 August 2021
A Ordinary £1 shares	7.5p	- 15 November 2021
B Ordinary £1 shares	7.5p	- 15 November 2021

No final dividend is to be paid in respect of the financial year ended 31 December 2021.

In total, dividends of £1,250,000 have been paid in respect of the financial year ended 31 December 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mr D L Morgan
Mr C D Hodgson

DISCLOSURE IN THE STRATEGIC REPORT

Details of future developments have been disclosed in the strategic report.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

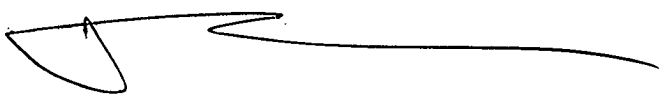
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Peter Howard Foreman Limited, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'Mr D L Morgan', written over a horizontal line.

Mr D L Morgan - Director

26 April 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PILLING & CO STOCKBROKERS LTD

Opinion

We have audited the financial statements of Pilling & Co Stockbrokers Ltd (the 'company') for the year ended 31 December 2021 which comprise the Profit and loss account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PILLING & CO STOCKBROKERS LTD**

Matters on which we are required to report by exception

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

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PILLING & CO STOCKBROKERS LTD

Auditors' responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the nature of any bonus or performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's policies and procedures relating to identifying, evaluating and complying with laws and regulations;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included compliance with Financial Conduct Authority regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiry of management around actual and potential litigation and claims;
- reviewing minutes of meetings of those charged with governance and reviewing regulatory correspondence with the Financial Conduct Authority;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PILLING & CO STOCKBROKERS LTD**

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 a Report of the Auditors 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.

SC Foreman

Simon Foreman FCA (Senior Statutory Auditor)
for and on behalf of Peter Howard Foreman Limited
Statutory Auditor
4 Wharfe Mews
Cliffe Terrace
Wetherby
LS22 6LX

27 April 2022

PILLING & CO STOCKBROKERS LTD (REGISTERED NUMBER: 09220456)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
TURNOVER	4	7,778,564	7,044,660
Cost of sales		<u>1,594,892</u>	<u>1,529,422</u>
GROSS PROFIT		6,183,672	5,515,238
Administrative expenses		<u>3,527,112</u>	<u>3,270,878</u>
OPERATING PROFIT	6	2,656,560	2,244,360
Interest receivable and similar income		<u>632</u>	<u>8,767</u>
		2,657,192	2,253,127
Interest payable and similar expenses	7	<u>51</u>	<u>61</u>
PROFIT BEFORE TAXATION		2,657,141	2,253,066
Tax on profit	8	<u>507,637</u>	<u>428,003</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>2,149,504</u></u>	<u><u>1,825,063</u></u>

The notes form part of these financial statements

PILLING & CO STOCKBROKERS LTD (REGISTERED NUMBER: 09220456)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021


	Notes	31.12.21 £	31.12.20 £
PROFIT FOR THE YEAR		2,149,504	1,825,063
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,149,504</u>	<u>1,825,063</u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
FIXED ASSETS			
Tangible assets	10	78,410	96,864
Investments	11	3	3
		<u>78,413</u>	<u>96,867</u>
CURRENT ASSETS			
Debtors	12	2,704,720	1,565,251
Cash at bank	13	6,397,715	6,345,013
		<u>9,102,435</u>	<u>7,910,264</u>
CREDITORS			
Amounts falling due within one year	14	2,391,297	1,617,825
NET CURRENT ASSETS		<u>6,711,138</u>	<u>6,292,439</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,789,551</u>	<u>6,389,306</u>
PROVISIONS FOR LIABILITIES	17	12,088	11,347
NET ASSETS		<u><u>6,777,463</u></u>	<u><u>6,377,959</u></u>
CAPITAL AND RESERVES			
Called up share capital	18	4,000,000	4,000,000
Retained earnings	19	2,777,463	2,377,959
SHAREHOLDERS' FUNDS		<u><u>6,777,463</u></u>	<u><u>6,377,959</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2022 and were signed on its behalf by:


Mr D L Morgan - Director


Mr C D Hodgson - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	4,000,000	3,052,896	7,052,896
Changes in equity			
Dividends	-	(2,500,000)	(2,500,000)
Total comprehensive income	-	1,825,063	1,825,063
Balance at 31 December 2020	<u>4,000,000</u>	<u>2,377,959</u>	<u>6,377,959</u>
Changes in equity			
Dividends	-	(1,750,000)	(1,750,000)
Total comprehensive income	-	2,149,504	2,149,504
Balance at 31 December 2021	<u>4,000,000</u>	<u>2,777,463</u>	<u>6,777,463</u>

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Cash flows from operating activities			
Cash generated from operations	1	2,233,473	2,576,273
Interest paid		(51)	(61)
Tax paid		(414,459)	(443,052)
Net cash from operating activities		<u>1,818,963</u>	<u>2,133,160</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(16,893)	(65,629)
Interest received		632	8,767
Net cash from investing activities		<u>(16,261)</u>	<u>(56,862)</u>
Cash flows from financing activities			
Equity dividends paid		(1,750,000)	(2,500,000)
Net cash from financing activities		<u>(1,750,000)</u>	<u>(2,500,000)</u>
Increase/(decrease) in cash and cash equivalents		<u>52,702</u>	<u>(423,702)</u>
Cash and cash equivalents at beginning of year	2	<u>6,345,013</u>	<u>6,768,715</u>
Cash and cash equivalents at end of year	2	<u><u>6,397,715</u></u>	<u><u>6,345,013</u></u>

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.21	31.12.20
	£	£
Profit before taxation	2,657,141	2,253,066
Depreciation charges	35,347	34,018
Finance costs	51	61
Finance income	(632)	(8,767)
	<u>2,691,907</u>	<u>2,278,378</u>
(Increase)/decrease in trade and other debtors	(1,139,469)	386,251
Increase/(decrease) in trade and other creditors	681,035	(88,356)
	<u>2,233,473</u>	<u>2,576,273</u>
Cash generated from operations	<u>2,233,473</u>	<u>2,576,273</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>6,397,715</u>	<u>6,345,013</u>

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>6,345,013</u>	<u>6,768,715</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.21	Cash flow	At 31.12.21
	£	£	£
Net cash			
Cash at bank	6,345,013	52,702	6,397,715
	<u>6,345,013</u>	<u>52,702</u>	<u>6,397,715</u>
Total	<u>6,345,013</u>	<u>52,702</u>	<u>6,397,715</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATUTORY INFORMATION

Pilling & Co Stockbrokers Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address are as below:

Registered number: 09220456

Registered office: Henry Pilling House
29 Booth Street
Manchester
M2 4AF

The presentation currency of the financial statements is the Pound Sterling, which is the functional currency of the company, rounded to the nearest £1.

2. ACCOUNTING POLICIES

General information and basis of preparing the financial statements

These financial statements have been prepared 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 financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Pilling & Co Stockbrokers Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 402 of the Companies Act 2006 not to prepare consolidated financial statements, as under Section 405 its subsidiary undertaking can be excluded from consolidation as its inclusion is not material for the purposes of giving a true and fair view.

Turnover

Turnover represents brokerage commission and fees receivable from services provided in the UK, net of VAT, where client instructions have been met in full prior to the period end, and income generated from money broking services.

Interest receivable is recognised on an accruals basis.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures & computer equipment - 10%, 25% & 33% on cost

Tangible fixed assets are initially recorded at cost. Those assets transferred to the company from Pilling & Co were transferred at their fair value. These assets are being depreciated over their remaining estimated useful lives.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less accumulated impairment losses.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

(i) Impairment of debtors

The company takes a view on the likelihood of recovery of client, counterparty and other debtors. When assessing impairment, management considers the aging profile of debtors, recent activity on the accounts, action currently being taken and historical experience. See note 12 for the net carrying amount of the debtors and associated provision.

(b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Accrued income

A significant proportion of the company's income is generated over a period of time with the actual remuneration not receivable until the end of the relevant period. In some cases, the future amount will not be determinable as it will be affected by a number of factors including future numbers of clients and the market values of their various portfolios. The company makes estimates of these amounts based on the information available on the variable factors at the date the estimates are made. See note 12 for the carrying amount of accrued income.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

The analysis of the company's turnover is as follows:

	2021 £	2020 £
Rendering of services	7,682,213	6,761,631
Bank interest	96,351	280,843
Unit trust commissions	-	2,186
	<u>7,778,564</u>	<u>7,044,660</u>

5. EMPLOYEES AND DIRECTORS

	31.12.21 £	31.12.20 £
Wages and salaries	2,903,837	2,616,583
Social security costs	369,431	312,997
Other pension costs	86,639	83,719
	<u>3,359,907</u>	<u>3,013,299</u>

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

	31.12.21	31.12.20
Dealers and investment managers	11	11
Client accounts and settlement	9	11
Administration and compliance	20	16
	<u>40</u>	<u>38</u>

	31.12.21 £	31.12.20 £
Directors' remuneration	<u>40,000</u>	<u>-</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.21 £	31.12.20 £
Hire of plant and machinery	2,820	2,823
Other operating leases	106,140	115,281
Depreciation - owned assets	35,347	34,018
Auditors' remuneration	16,000	15,500
Audit-related assurance services	18,774	22,062
Taxation compliance services	1,654	1,523
Taxation advisory services	275	-
Software operating leases	229,827	228,837
Consideration to third parties in respect of directors' services	<u>36,000</u>	<u>36,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.21	31.12.20
	£	£
Bank interest	51	9
HMRC interest payable	-	52
	<u>51</u>	<u>61</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.21	31.12.20
	£	£
Current tax:		
UK corporation tax	506,896	421,558
Deferred tax	741	6,445
Tax on profit	<u>507,637</u>	<u>428,003</u>

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.21	31.12.20
	£	£
Profit before tax	<u>2,657,141</u>	<u>2,253,066</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	504,857	428,083
Effects of:		
Expenses not deductible for tax purposes	179	64
Capital allowances in excess of depreciation	-	(6,829)
Depreciation in excess of capital allowances	366	-
Deferred tax provided	741	6,445
Short term timing differences	1,494	240
Total tax charge	<u>507,637</u>	<u>428,003</u>

9. DIVIDENDS

	31.12.21	31.12.20
	£	£
A Ordinary shares of £1 each		
Interim	875,000	1,250,000
B Ordinary shares of £1 each		
Interim	875,000	1,250,000
	<u>1,750,000</u>	<u>2,500,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

10. TANGIBLE FIXED ASSETS

	Fixtures & computer equipment £
COST	
At 1 January 2021	224,238
Additions	16,893
Disposals	(103,862)
	<hr/>
At 31 December 2021	137,269
	<hr/>
DEPRECIATION	
At 1 January 2021	127,374
Charge for year	35,347
Eliminated on disposal	(103,862)
	<hr/>
At 31 December 2021	58,859
	<hr/>
NET BOOK VALUE	
At 31 December 2021	78,410
	<hr/>
At 31 December 2020	96,864
	<hr/>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2021 and 31 December 2021	3
	<hr/>
NET BOOK VALUE	
At 31 December 2021	3
	<hr/>
At 31 December 2020	3
	<hr/>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

St. Ann's Square Nominees Limited

Registered office: Henry Pilling House, 29 Booth Street, Manchester, M2 4AF

Nature of business: Financial intermediation

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.21	31.3.20
		£	£
Aggregate capital and reserves		3	3
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	31.12.20
	£	£
Amounts due from clients and counterparties	1,523,897	931,074
Other debtors	56,312	55,848
Prepayments and accrued income	1,124,511	578,329
	<u>2,704,720</u>	<u>1,565,251</u>

13. CASH AT BANK

	31.12.21	31.12.20
	£	£
Client settlement bank accounts	130,866	114,476
Firm money	6,266,849	6,230,537
	<u>6,397,715</u>	<u>6,345,013</u>

In the normal course of business the company holds monies on behalf of clients which are segregated from the company's own cash balances under the FCA Client Money Rules. At 31 December 2021 the company held client free money bank deposits totalling £84,475,883 (2020: £79,691,276).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	31.12.20
	£	£
Amounts due to clients and counterparties	1,368,217	800,496
Corporation tax	269,005	176,568
Social security and other taxes	274,495	177,301
VAT	74,155	91,610
Other creditors	301,880	234,728
Accruals and deferred income	103,545	137,122
	<u>2,391,297</u>	<u>1,617,825</u>

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.21	31.12.20
	£	£
Within one year	166,049	72,818
Between one and five years	932,401	3,525
In more than five years	640,541	-
	<u>1,738,991</u>	<u>76,343</u>

16. SECURED DEBTS

The company has an overdraft facility with HSBC Bank Plc that is secured by a debenture including fixed charge over all present freehold and leasehold property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. PROVISIONS FOR LIABILITIES

	31.12.21	31.12.20
	£	£
Deferred tax	<u>12,088</u>	<u>11,347</u>
		Deferred tax
		£
Balance at 1 January 2021		11,347
Provided during year		<u>741</u>
Balance at 31 December 2021		<u>12,088</u>

Deferred tax represents the amount payable in respect of capital allowances in excess of depreciation and in respect of short term timing differences.

	31.12.21	31.12.20
	£	£
Capital allowances in excess of depreciation	15,656	12,565
Short term timing differences	<u>(3,568)</u>	<u>(1,218)</u>
	<u>12,088</u>	<u>11,347</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.21	31.12.20
Number:	Class:	Nominal value:	£	£
2,000,000	A Ordinary	£1	2,000,000	2,000,000
2,000,000	B Ordinary	£1	<u>2,000,000</u>	<u>2,000,000</u>
			<u>4,000,000</u>	<u>4,000,000</u>

The two classes of ordinary share have equal rights and carry no right to fixed income.

19. RESERVES

	Retained earnings
	£
At 1 January 2021	2,377,959
Profit for the year	2,149,504
Dividends	<u>(1,750,000)</u>
At 31 December 2021	<u>2,777,463</u>

The retained earnings reserve represents cumulative profits or losses net of dividends paid and other adjustments.

20. CAPITAL COMMITMENTS

At the year end the company was committed to incurring capital expenditure of £135,270 (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

21. RELATED PARTY DISCLOSURES

The company was under the control of Mr D L Morgan and Mr C D Hodgson during the year.

Key management personnel compensation in the year totalled £407,061 (2020: £325,632) of which £44,828 (2020: £26,067) remained owing at the year end.

	Amounts payable in respect of the period £	Amounts credited in respect of the period £	Amounts owed at the period end £
Entities with control, joint control, or significant influence over the company:			
2021	-	-	729
2020	-	-	2,590
Key management personnel:			
2021	-	-	93,046
2020	-	-	29,375
Other related parties:			
2021	100,188	-	-
2020	101,175	-	-

Outstanding balances due from the company are unsecured and are expected to be settled in cash.