Company Registration No. SC231678 (Scotland)

CS Managers Ltd

Annual report and financial statements for the year ended 31 March 2022

CS Managers Ltd

Company information

Directors	Andrew Campbell William Forsyth Linda Forsyth Hugh Rutherford	 (Appointed 11 May 2022)
Secretary	Linda Forsyth	
Company number	SC231678	
Registered office	Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA	
Independent auditor	Saffery Champness LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA	
Business address	43 Charlotte Square Edinburgh EH2 4HQ	
Bankers	Handelsbanken 18 Charlotte Square Edinburgh EH2 4DF	

CS Managers Ltd

Contents

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

CS Managers Ltd is a UK Company regulated by the Financial Conduct Authority ("FCA") providing discretionary investment management and advice services to a range of clients including private client, charity, corporate and pension funds.

The directors are responsible for the overall stewardship of the company. The company's performance for the year is set out in the Profit and Loss account on page 10 and is considered by the directors to be satisfactory compared to last year, to budget and to the company's longer term strategy as an FCA authorised firm.

The company aims to grow its business organically by developing new client relationships directly and through a network of relationships with professional intermediaries such as financial advisers, lawyers and accountants. The company's strategic aims are primarily measured by the growth in the assets under its management, its turnover and profit before tax and the investment returns over the long term it generates for its clients.

Principal risks and uncertainties

The company has identified and assessed the key risks to the business as set out below. Given the size of the company and its business model, which is not complex, it considers these risks to be modest and appropriately managed or mitigated.

Concentration risk

This is the risk that exposures to specific sectors or assets could result in losses to the firm or its clients. The company invests client assets primarily in publicly traded global equity securities and earns its revenues from a UK client base. It seeks to diversify the risk through the quality of its research and asset allocation decisions, focused on aligning with its clients' interests and risk profile. It also recognises the risk of over dependence on a particular source of business or one particular individual, or group of, clients, which it seeks to mitigate through the width of its marketing strategies and service offerings. The company maintains keyman insurance.

Operational risk

This refers to the risk of financial or other loss that can arise from inadequate or failed business processes and systems, human error or external events. This could include administration and/or dealing errors or breaches or investment mandate breach. The company's risk management framework is designed to identify potential sources of error arising from its operations and strengthen, as necessary, its internal systems and processes, supervisory and oversight functions in order to minimise residual risk exposure.

Market risk

Adverse movements in securities markets may negatively affect commissions and fees derived from the value of client assets under management. This is mitigated by the retention of appropriate capital resources, which are determined on the basis of rigorous stress testing and scenario analysis. There is also an investment risk associated with over exposure to certain sectors or assets. The company seeks to mitigate these risks by the breadth of diversification within a sound asset allocation framework and the quality of its research and analysis.

Regulatory and reputational risk

The company's activities are subject to extensive regulation applicable to a financial services business. As a result, the company monitors regulatory changes and ensures that it has sufficient resources to implement any changes required . The company applies internal and external sources of regulatory advice to minimise the risk of breaches occurring, which could affect reputational risk and regulatory standing. The company also keeps under review progress against the company's strategic objectives, and any material structural changes to these. The company maintains professional indemnity cover from an established industry provider to minimise the risk of loss.

Liquidity risk

In order to ensure the company has sufficient funds to meets its financial obligations in a timely manner, it monitors the position within a liquidity risk management framework and maintains an excess of liquidity to mitigate the risk. The company does not hold illiquid assets on its Balance Sheet except for fixed assets, nor is it dependent on borrowing or external financing for any aspect of its business.

Regulatory Disclosures

The disclosures of the company made in order to comply with the UK Financial Conduct Authority (FCA) Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) and the rules which implement in the UK the EU Directives underlying the capital adequacy framework, are available on the company's website.

Financial Position of the company at 31 March 2022

Having generated a profit after tax for the year of £184,363 (2021: £257,228), the company had net assets amounting to £1,424,296 (2021: £1,254,970) at 31 March 2022 and a strong cash position. The directors are satisfied with the financial position of the company at the year end and expect sound financial performance in the future.

Key Perfomance Indicators

The company's activities are not complex in nature. The directors measure performance from a combination of factors including good client outcomes; a growth in assets under management by value and in portfolios by number; net business gained or lost; increase in Balance Sheet value; comparative profitability.

By order of the board

L.Forsyth
....

Linda Forsyth
Secretary

Date: 26 July 2022

The directors present their report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company is providing discretionary investment management and advice services.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £15,037. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Andrew Campbell	
William Forsyth	
Linda Forsyth	
Hugh Rutherford	(Appointed 11 May 2022)

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

L.Forsyth
....

Linda Forsyth
Secretary

Date: 26 July 2022

Independent auditor's report
To the members of CS Managers Ltd

Opinion

We have audited the financial statements of CS Managers Ltd (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, UK Tax legislation and The Financial Services and Markets Act 2000, on which The Financial Conduct Authority (FCA) Handbook is based.

Audit response to risks identified
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

The company is regulated by the FCA. We discussed the company's authorisation and permitted activities with the SMF16 and obtained evidence of this from the FCA register. We obtained additional evidence about compliance by discussing any breaches with the SMF16 and SMF17 and reviewing correspondence with the FCA.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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.

Kenneth McDowell (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

Date: 26 July 2022

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

CS Managers Ltd

Statement of comprehensive income
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	**3**	1,528,895	1,487,485
Administrative expenses		(1,334,045)	(1,209,146)
Other operating income		-	5,228
Operating profit	**4**	194,850	283,567
Interest receivable and similar income	**7**	11,668	12,720
Other gains and losses	**8**	22,045	20,904
Profit before taxation		228,563	317,191
Tax on profit	**9**	(44,200)	(59,963)
Profit for the financial year		184,363	257,228

The income statement has been prepared on the basis that all operations are continuing operations.

CS Managers Ltd

Statement of financial position
As at 31 March 2022

	Notes	£	2022 £	£	2021 £
Fixed assets					
Tangible assets	11		12,616		15,812
Investments	12		530,704		489,603
			543,320		505,415
Current assets					
Debtors	14	407,682		366,649	
Cash at bank and in hand		627,024		567,067	
		1,034,706		933,716	
Creditors: amounts falling due within one year	15	(148,275)		(179,408)	
Net current assets			886,431		754,308
Total assets less current liabilities			1,429,751		1,259,723
Provisions for liabilities			(5,455)		(4,753)
Net assets			1,424,296		1,254,970
Capital and reserves					
Called up share capital	18		46,250		46,250
Share premium account	19		152,502		152,502
Other reserves	20		203,391		203,391
Profit and loss reserves	22		1,022,153		852,827
Total equity			1,424,296		1,254,970

The financial statements were approved by the board of directors and authorised for issue on .....26 July 2022... and are signed on its behalf by:

W J Forsyth
....
William Forsyth
Director

Company Registration No. SC231678

CS Managers Ltd

Statement of changes in equity
For the year ended 31 March 2022

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2020		46,250	152,502	203,391	864,211	1,266,354
Year ended 31 March 2021:						
Profit and total comprehensive income for the year		-	-	-	257,228	257,228
Dividends	**10**	-	-	-	(15,037)	(15,037)
Own shares acquired		-	-	-	(253,575)	(253,575)
Balance at 31 March 2021		46,250	152,502	203,391	852,827	1,254,970
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	184,363	184,363
Dividends	**10**	-	-	-	(15,037)	(15,037)
Balance at 31 March 2022		46,250	152,502	203,391	1,022,153	1,424,296

CS Managers Ltd

Statement of cash flows
For the year ended 31 March 2022

	Notes	£	2022 £	£	2021 £
Cash flows from operating activities					
Cash generated from operations	25		150,179		286,732
Income taxes paid			(60,470)		(44,809)
Net cash inflow from operating activities			89,709		241,923
Investing activities					
Purchase of tangible fixed assets		(7,327)		(7,468)	
(Purchase of investments)/proceeds on disposal of investments		(19,056)		119,786	
Interest received		5,647		7,386	
Dividends received		6,021		5,334	
Net cash (used in)/generated from investing activities			(14,715)		125,038
Financing activities					
Purchase of treasury shares		-		(253,575)	
Dividends paid		(15,037)		(15,037)	
Net cash used in financing activities			(15,037)		(268,612)
Net increase in cash and cash equivalents			59,957		98,349
Cash and cash equivalents at beginning of year			567,067		468,718
Cash and cash equivalents at end of year			627,024		567,067

1 Accounting policies

Company information

CS Managers Ltd is a private company limited by shares incorporated in Scotland. The registered office is Edinburgh Quay, 133 Fountainbridge, Edinburgh, EH3 9BA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents fees received in relation to investment management. Fees are recognised once earned.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1 Accounting policies (continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Other investments are included at fair value.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies (continued)

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement if material, is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The company operates a defined contribution scheme for the benefit of some of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Website development costs

Website development costs are expensed as the website is not considered to be a revenue generating asset in its own right therefore no enduring economic benefit arises to the company directly as a result of operating the website. This treatment is in accordance with FRS 102.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by class of business		
Loyalty bonus	-	38,687
Management fees	1,528,895	1,448,798
	1,528,895	1,487,485

	2022	2021
	£	£
Other significant revenue		
Interest income	5,647	7,386
Dividends received	6,021	5,334
Grants received	-	5,228

4 Operating profit

	2022	2021
Operating profit for the year is stated after charging/(crediting):	£	£
Government grants	-	(5,228)
Fees payable to the company's auditor for the audit of the company's financial statements	12,770	10,500
Depreciation of owned tangible fixed assets	10,523	11,978
Operating lease charges	76,588	67,921

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
	10	10

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	495,908	496,963
Social security costs	49,254	53,257
Pension costs	31,972	63,099
	577,134	613,319

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	210,000	199,800
Company pension contributions to defined contribution schemes	22,050	52,050
	232,050	251,850

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	117,000	115,000
Company pension contributions to defined contribution schemes	17,250	27,250

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	5,647	7,386
Other income from investments		
Dividends received	6,021	5,334
Total income	11,668	12,720

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	5,647	7,386
Dividends from financial assets measured at fair value through profit or loss	6,021	5,334

8 Other gains and losses

	2022	2021
	£	£
Fair value gains/(losses) on financial instruments		
Amounts written back to fair value through profit or loss	13,186	23,810
Other gains/(losses)		
Gain/(loss) on disposal of financial assets held at fair value through profit or loss	8,859	(2,906)
	22,045	20,904

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	42,541	60,470
Adjustments in respect of prior periods	957	-
Total current tax	43,498	60,470

9 Taxation

	2022	2021
	£	£ (continued)
Deferred tax		
Origination and reversal of timing differences	702	(507)
Total tax charge	44,200	59,963

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	228,563	317,191
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	43,427	60,266
Tax effect of expenses that are not deductible in determining taxable profit	2,576	3,459
Tax effect of income not taxable in determining taxable profit	(6,335)	(6,044)
Permanent capital allowances in excess of depreciation	(418)	-
Other permanent differences	(1,144)	(1,009)
Under/(over) provided in prior years	957	-
Deferred tax adjustments in respect of prior years	1,309	-
Chargeable gains	3,828	3,291
Taxation charge for the year	44,200	59,963

10 Dividends

	2022	2021
	£	£
Interim paid	15,037	15,037

11 Tangible fixed assets

	Fixtures and fittings
	£
Cost	
At 1 April 2021	51,711
Additions	7,327
Disposals	(10,569)
At 31 March 2022	48,469
Depreciation and impairment	
At 1 April 2021	35,899
Depreciation charged in the year	10,523
Eliminated in respect of disposals	(10,569)
At 31 March 2022	35,853
Carrying amount	
At 31 March 2022	12,616
At 31 March 2021	15,812

12 Fixed asset investments

	Notes	2022	2021
		£	£
Investments in subsidiaries	13	2	2
Listed investments		530,702	489,601
		530,704	489,603

Listed investments included above:		
Listed investments carrying amount	530,702	489,601

12 Fixed asset investments (continued)

Movements in fixed asset investments

	Shares in subsidiaries	Other investments	Total
	£	£	£
Cost or valuation			
At 1 April 2021	2	489,601	489,603
Additions	-	508,623	508,623
Valuation changes	-	22,045	22,045
Disposals	-	(489,567)	(489,567)
At 31 March 2022	2	530,702	530,704
Carrying amount			
At 31 March 2022	2	530,702	530,704
At 31 March 2021	2	489,601	489,603

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Indirect
Charlotte Square Investments Ltd	Scotland	Ordinary	100.00	-
Charlotte Square Wealth Managers Ltd	Scotland	Ordinary	100.00	-
Charlotte Square Managers Limited	Scotland	Ordinary	100.00	-

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Charlotte Square Investments Ltd	1	-
Charlotte Square Wealth Managers Ltd	1	-
Charlotte Square Managers Limited	1	-

14 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	377,368	350,412
Prepayments and accrued income	30,314	16,237
	407,682	366,649

15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	9,320	16,608
Amounts owed to group undertakings	1	1
Corporation tax	43,498	60,470
Other taxation and social security	56,078	67,906
Other creditors	5,570	3,233
Accruals and deferred income	33,808	31,190
	148,275	179,408

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Liabilities 2022 £	Liabilities 2021 £
Accelerated capital allowances	5,455	4,753

Movements in the year:	2022 £
Liability at 1 April 2021	4,753
Charge to profit or loss	702
Liability at 31 March 2022	5,455

16 Deferred taxation (continued)

The deferred tax liability set out above is expected to reverse within [12 months] and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

	2022	2021
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	31,972	63,099

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2022	2021	2022	2021
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of 5p each	925,000	925,000	46,250	46,250

In 2021 241,500 of the company's own shares with a nominal value of £12,075 were purchased and continued to be held in Treasury as at 31 March 2022, representing 26.11% of issued share capital.

19 Share premium account

	2022	2021
	£	**£**
At the beginning and end of the year	152,502	152,502

20 Other reserves

	£
At the beginning of the prior year	203,391
At the end of the prior year	203,391
At the end of the current year	203,391

21 Equity settled share-based transactions

An employee of the company holds options to subscribe for 138,750 shares in the company under the Enterprise Management Incentive scheme. The options are exercisable at prices ranging from £0.05p to £0.90p per share. At 31 March 2022, 138,750 shares (2021: 138,750) had vested. None of the options have been exercised. The options expire in December 2025.

22 Profit and loss reserves

	2022	2021
	£	£
At the beginning of the year	852,827	864,211
Profit for the year	184,363	257,228
Dividends declared and paid in the year	(15,037)	(15,037)
Own shares acquired	-	(253,575)
At the end of the year	1,022,153	852,827

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	55,200	55,200
Between two and five years	41,400	96,600
	96,600	151,800

24 Related party transactions

The company paid a dividend of £6,634 (2021: £6,634) to the company's directors.

25 Cash generated from operations

	2022	2021
	£	£
Profit for the year after tax	184,363	257,228
Adjustments for:		
Taxation charged	44,200	59,963
Investment income	(11,668)	(12,720)
Depreciation and impairment of tangible fixed assets	10,523	11,978
Other gains and losses	(22,045)	(20,904)
Movements in working capital:		
Increase in debtors	(41,033)	(32,212)
(Decrease)/increase in creditors	(14,161)	23,399
Cash generated from operations	150,179	286,732

26 Analysis of changes in net funds

	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	567,067	59,957	627,024