

Matheson & Co., Limited

Company Registration Number: 100295

Report of the Directors and Financial Statements

For the year ended 31 December 2023



Matheson & Co., Limited

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Matheson & Co., Limited

Company Information

Directors

Adam Keswick (Chairman)
MG Barrow CBE (resigned 31 December 2023)
AP Hawkins
GMT Howe (resigned 25 January 2023)
Sir Henry Keswick
Simon Keswick
AJL Nightingale (appointed 1 January 2024)
Lord Powell of Bayswater KCMG
NMS Rich CBE
EPK Weatherall
GL White

Company Secretary

AP Hawkins

Registered Office

12 Upper Grosvenor Street
London
W1K 2ND

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Matheson & Co., Limited

Report of the Directors

The directors present their Report of the Directors and the audited financial statements for the year ended 31 December 2023 in respect of Matheson & Co., Limited (the 'company').

Principal activity

The main activity of the company is the provision of advisory services to the Jardine Matheson Group and affiliated companies.

Directors

The directors set out on page 2 served throughout the year and up to the date of signing the financial statements unless otherwise stated.

Strategic review

The company will continue to provide advisory services to the Jardine Matheson Group and affiliated companies and support to the company's defined benefit pension scheme.

The company's profit before taxation amounted to £771,000 for the year ended 31 December 2023 (2022: loss before taxation £48,000). The improved performance was due mainly to higher interest rates which increased interest income to £1,206,000 (2022: £465,000). Other comprehensive expense amounted to £1,569,000 (2022: other comprehensive income £4,214,000). Total comprehensive expense for the financial year £798,000 (2022: total comprehensive income £4,166,000). The negative performance was mainly due to the actuarial loss on the pension scheme of £2,016,000 (2022: gain £4,441,000). The company's net assets amounted to £49,168,000 as at 31 December 2023 (31 December 2022 net assets of £49,966,000). Considering the nature of the business, the directors believe the performance of the company to be acceptable. The principal risks and uncertainties facing the company relate to changes in market interest rates and their associated impact on interest income together with the wider macroeconomic risks impacting the assets and liabilities within the defined benefit pension scheme. The directors do not recommend the payment of a dividend (2022: £Nil). Given the nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary or appropriate to understand the development, performance or position of the business. The company is a subsidiary undertaking within the Jardine Matheson Group and from a financial risk management perspective, cash funds of the Group are managed at Group level. Further information can be obtained from the year-end financial statements of Jardine Matheson Holdings Limited. Refer to note 20 for details of the ultimate holding company and parent undertaking.

Employees

Details of the company's employees are provided in note 7. The company's employment policies do not discriminate between employees or potential employees on the grounds of age, sex, sexual orientation, colour, creed, ethnic origin or religious belief.

It is the company's policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the company) where the requirements of the job may be adequately covered by these people and to comply with any current legislation with regard to disabled persons.

Information about the company and associated group companies' performance and other matters is provided regularly by the Jardine Matheson Group's website, Jardines Connect.

The company operates a group personal pension for current employees and a defined benefit funded pension scheme which is closed to the future accrual of benefits.

Matheson & Co., Limited

Report of the Directors (continued)

Qualifying third party indemnity provisions

Under the respective Articles of Association, the directors of the company are, and were during the year, entitled to be indemnified against liabilities and costs incurred in connection with the execution of their duties or the exercise of the powers, to the extent permitted by the Companies Act 2006.

Policy on payment of trade creditors

The company's policy on payment of trade creditors is to pay in accordance with terms of business agreed with each supplier. The company had trade creditors of £92,000 at 31 December 2023 (31 December 2022: £156,000).

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Matheson & Co., Limited

Report of the Directors (continued)

Disclosure of information to auditors

Small companies' provision

This Report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'A P Hawkins'.

A P Hawkins
Director and Secretary

1 May 2024

Matheson & Co., Limited

Independent auditors' report to the members of Matheson & Co., Limited

Report on the audit of the financial statements

Opinion

In our opinion, Matheson & Co., Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2023; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Matheson & Co., Limited

Independent auditors' report to the members of Matheson & Co., Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Matheson & Co., Limited

Independent auditors' report to the members of Matheson & Co., Limited

Responsibilities for the financial statements and the audit (continued)

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to acts by the company which were contrary to applicable laws and regulations, including pensions legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misappropriation of funds. Audit procedures performed by the engagement team included:

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Testing of expenses to appropriate supporting documentation
- Enquiries of management and those charged with governance
- Reviewing minutes of meetings of those charged with governance
- Identifying and testing potentially unusual journal entries

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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 for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matheson & Co., Limited

Independent auditors' report to the members of Matheson & Co., Limited

Other required reporting

Companies Act 2006 exception reporting

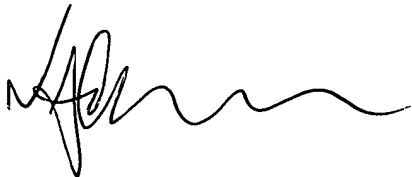
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



*Nicola Adlington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 May 2024*

Matheson & Co., Limited

Income Statement for the year ended 31 December 2023

	Note	<u>2023</u> £000	<u>2022</u> £000
Turnover	2	3,912	3,293
Administrative expenses	3	(4,325)	(3,727)
<hr/>			
Operating loss		(413)	(434)
Interest receivable and similar income	4	1,206	465
Interest payable and similar expenses	4	(22)	(79)
<hr/>			
Profit/(loss) before taxation	2	771	(48)
Tax on profit/(loss)	5	-	-
<hr/>			
Profit/(loss) for the financial year		771	(48)
<hr/>			

All amounts relate to continuing operations.

The notes on pages 13 to 30 form part of these financial statements.

Matheson & Co., Limited

Statement of Comprehensive Income for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Profit/(loss) for the financial year		771	(48)
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit & loss			
Actuarial (loss)/gain in pension scheme	9	(2,016)	4,441
Actuarial gain in medical insurance provision	16	40	180
Deferred tax on actuarial pension surplus	17	407	(407)
Total other comprehensive (expense)/income		(1,569)	4,214
Total comprehensive (expense) / income for the financial year		(798)	4,166

Statement of Changes in Equity for the year ended 31 December 2023

	2023		2022	
	Called up share capital	Profit and loss account	Total shareholders' funds	Total shareholders' funds
	£000	£000	£000	£000
At 1 January	20,000	29,966	49,966	45,800
Profit/(loss) for the financial year	-	771	771	(48)
Other comprehensive (expense)/income for the financial year	-	(1,569)	(1,569)	4,214
Total comprehensive (expense)/income		(798)	(798)	4,166
Total at 31 December	20,000	29,168	49,168	49,966

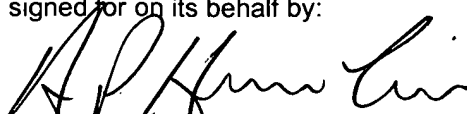
The notes on pages 13 to 30 form part of these financial statements.

Matheson & Co., Limited

Balance Sheet as at 31 December 2023

		31.12.2023	31.12.2022
	Note	£000	£000
Fixed assets			
Tangible assets	10	4,493	551
Right of use assets	11	22,727	22,938
Investments	12	14	14
		27,234	23,503
Pension asset	9	-	1,629
Current assets			
Debtors: amounts falling due within one year	13	586	376
Debtors: amounts falling due after more than one year	14	19,000	19,000
Cash at bank and in hand		3,226	6,919
		22,812	27,924
Creditors: amounts falling due within one year	15	(451)	(587)
Net current assets		22,361	27,337
Total assets less current liabilities		49,595	50,840
Provisions for liabilities	16	(427)	(467)
Deferred tax liability	17	-	(407)
Net assets		49,168	49,966
Capital and reserves			
Called up share capital	18	20,000	20,000
Profit and loss account		29,168	29,966
Total shareholders' funds		49,168	49,966

The financial statements on pages 10 to 30 were approved by the Board of Directors on 1 May 2024 and signed for on its behalf by:


A P Hawkins, Director

Matheson & Co., Limited

Notes to the Financial Statements – 31 December 2023

1. Accounting policies

The principal accounting policies which the directors have adopted consistently throughout the year are set out below.

Basis of preparation

These financial statements have been prepared on the going concern basis under the historical costs convention and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of the Companies Act 2006.

The company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The disclosure exemptions adopted by the company in accordance with FRS 101 are as follows:

- The requirements of IFRS 7 Financial Instruments: Disclosures per FRS 101 (paragraph 8(d))
- The requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirements of IAS 7 Statement of Cash Flows per FRS 101 (paragraph 8(h))
- The requirements of IAS 24 Related party Disclosures per FRS 101 (paragraph 8(j), 8(k))
- The requirement of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) Paragraph 79(a)(iv) of IAS 1:
 - (ii) Paragraph 73(e) of IAS 16 'Property, plant and equipment'
- The requirements of the following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 16 (statement of compliance with all IFRS);
 - (ii) 134-136 (capital management disclosure).

The company is registered in England with registration number 100295 and is limited by shares.

Cash flow statement

Jardine Matheson Holdings Limited, the ultimate parent undertaking, publishes a consolidated cash flow statement, which includes the cash flows of the company. The company has therefore taken advantage of the exemption granted by Financial Reporting Standard 101 – 'Reduced Disclosure Framework', to not present a cash flow statement.

Matheson & Co., Limited

Notes to the Financial Statements – 31 December 2023

1. Accounting policies (continued)

Critical accounting estimates and judgements

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. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related 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 period are addressed below. The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

Post-employment benefits

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligations and net pension costs include the expected long-term rate of return on the relevant scheme assets and the discount rate. Any changes in these assumptions may impact the amounts disclosed in the company's balance sheet and income statement.

The company determines the appropriate discount rate at the end of each year. This is the interest rate used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the company considers the market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the estimated average term of the related pension liability. Other key assumptions for defined benefit obligations and pension costs are based in part on market conditions at the relevant year-ends and additional information is disclosed in note 9.

Pension plan assets are held through pooled investment vehicles, which are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads as provided by the investment manager.

The pension scheme valuation was updated to 31 December 2023 by the Scheme's independent professionally qualified actuaries and showed a net surplus of £666,000. The company has not recognised this surplus as it believes this is unlikely to be realisable. The company's intention in due course is to seek a buy-out of the pension liabilities with an insurance company and on a buy-out basis the pension has a deficit of some £7,000,000 which makes the realisation of a surplus unlikely.

Going concern

The directors, having reviewed the assumptions within the projected cash flow, have a reasonable expectation that the Company has adequate resources to be a going concern for at least 12 months from the signing of these financial statements. The assessment demonstrates the company has sufficient funding resources to support its ongoing operations through to the end of April 2025.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation. If such an obligation is not capable of being reliably estimated or the outflow of resources is possible rather than probable, no provision is recognised and the item is disclosed as a contingent liability when material.

Matheson & Co., Limited

Notes to the Financial Statements – 31 December 2023

1. Accounting policies (continued)

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date with the exchange differences dealt with through the income statement.

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation. Depreciation is calculated so as to allocate the cost of each asset to its residual value over its estimated useful life on a straight line basis at the following rates:

Artwork		0%-5%
Leasehold improvements:	either	2% or over the life of the lease if shorter
Computer equipment and software:		25%
Furniture:		10%
Equipment and motor vehicles:		25%

Right of use assets and leases

The Company recognises right-of-use assets and lease liabilities at the dates the underlying assets are available for use. Right-of-use assets are measured at cost, equivalent to the initial measurement of lease liabilities recognised, less any accumulated depreciation. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

The Company has an interest in a leasehold property for use as its office. A lump sum payment was made upfront to acquire this interest from the previous lease holder. There are no ongoing payments to be made under the term of the lease. This payment is stated at cost and amortised over the term of the lease.

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date. Lease liabilities are measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made.

Unsecured loans to Jardine Matheson Group subsidiary undertakings

Unsecured loans to Jardine Matheson Group subsidiary undertakings are measured at amortised cost except where the effect of discounting would be immaterial. The Company assesses on a forward-looking basis using the three stages expected credit losses model on potential losses associated with its financial assets carried at amortised cost. The impairment measurement is subject to whether there has been a significant increase in credit risk. Provision for impairment is established by considering potential financial difficulties of the related company, probability that the related company will enter bankruptcy or financial reorganisation, and default or delinquency in payments.

Cash and cash equivalents

Cash and cash equivalents includes current bank accounts and short-term deposits up to three months.

Matheson & Co., Limited

Notes to the Financial Statements – 31 December 2023

1. Accounting policies (continued)

Turnover

Turnover is stated exclusive of VAT and consists of gross earnings where the company acts as principal, such as management charges to other group companies. Turnover is recognised at a point in time when the services are delivered.

Taxation

Taxation is that chargeable on profits of the year, together with deferred taxation.

The current taxation charge is calculated on the basis of taxation laws enacted or substantially enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have enacted, or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Pension and other post-retirement benefits

The company operates a defined benefit funded pension scheme which closed to new members in 2002 and also closed to the future accrual of benefits as from 30 November 2009. Actuarial valuations are carried out every three years or at such shorter periods as the trustees from time to time deem appropriate; where necessary these valuations are updated to 31 December each year by independent professionally qualified actuaries. For the purpose of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method; these liabilities are discounted at the current rate of return on an AA corporate bond of equivalent currency and term. The current service cost and any past service costs are included in the income statement within operating expenses and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within net interest cost. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised in the Statement of Comprehensive Income. The company's contributions in respect of the defined contribution scheme are charged to the Income Statement in the year to which they relate.

The company also operates a post-retirement medical insurance scheme for certain pensioners and former employees. The costs of the scheme have been assessed in accordance with the advice of independent professionally qualified actuaries and full provision for costs have been made in these financial statements.

Investments

Investments are stated at cost less provision for impairment. Any impairment is recognised in the income statement in the period in which it arises, when, in the opinion of the directors there has been a permanent diminution in value.

Matheson & Co., Limited

Notes to the Financial Statements – 31 December 2023

2. Segmental analysis

	Turnover		Profit/(loss) before taxation	
	2023 £000	2022 £000	2023 £000	2022 £000
By class of business				
Support services to group and affiliated Companies	3,912	3,293	771	(48)
By geographical market (by origin)				
United Kingdom	3,912	3,293	771	(48)

3. Administrative expenses

	2023 £000	2022 £000
Staff costs (note 7)	1,968	1,895
Depreciation of owned assets (note 10)	91	60
Depreciation of leased assets (note 11)	211	347
Profit on disposal of tangible assets	-	(62)
Other operating costs (net)	2,055	1,487
	4,325	3,727

Matheson & Co., Limited

Notes to the Financial Statements – 31 December 2023

3. Administrative expenses (continued)

Services provided by the company's auditors and network firms:

	<u>2023</u>	<u>2022</u>
	£000	£000
Audit fees for the company	99	30
Audit related assurance services:		
- Audit of pension scheme	20	18
Services relating to taxation compliance	11	9
	130	57

4. Interest receivable / (payable) and similar income / (expenses)

	<u>2023</u>	<u>2022</u>
	£000	£000
Interest receivable and similar income		
Short term deposits	123	35
Amount received from Jardine Matheson Group undertakings	996	430
Pension interest (note 9)	87	-
Interest income	1,206	465
Interest payable and similar expenses		
Pension interest (note 9)	-	(56)
Medical insurance interest (note 16)	(22)	(12)
Lease interest	-	(11)
Interest expense	(22)	(79)

Matheson & Co., Limited

Notes to the Financial Statements – 31 December 2023

5. Tax on profit/(loss)

There was no charge for taxation on the profit before taxation for the year (2022: £Nil)

The tax assessed for both years differs from the effective standard rate of corporation tax in the UK and the differences are explained below.

	<u>2023</u>	<u>2022</u>
	£000	£000
Profit/(loss) before taxation	771	(48)
Expected tax at 23.5% (2021: 19.0%)	181	(9)
Effects of:		
Income not subject to tax	(20)	-
Expenses not deductible	1	-
Tax losses arising in the year not recognised	176	70
Other temporary differences not utilised	(338)	(61)
Total tax charge	-	-

6. Dividends

The company does not propose a final dividend for the year ended 31 December 2023 (2022: £Nil) and did not pay an interim dividend.

7. Employees

The monthly average number of employees of the company was 18 (2022: 18)

The costs incurred in respect of these employees were:

	<u>2023</u>	<u>2022</u>
	£000	£000
Wages and salaries	1,342	1,339
Social security costs	258	239
Defined contribution scheme	132	124
Other staff costs	236	193
	1,968	1,895

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Notes to the Financial Statements – 31 December 2023

8. Directors' emoluments

Staff costs include remuneration in respect of directors as follows:

	<u>2023</u>	<u>2022</u>
	£000	£000
Aggregate emoluments	1,205	1,095

The company made contributions to a money purchase scheme of £31,000 (2022: £31,000) in respect of two (2022: two) directors.

The highest paid director received remuneration of £524,000 (2022: £443,000) and did not exercise or receive any share options during the year (2022: £Nil). The total pension paid to the highest paid director amounted to £Nil (2022: £Nil).

9. Pension asset

a) Pension costs

The company operates a defined benefit funded pension which closed to new members in 2002 and also closed to the future accrual of benefits as from 30 November 2009. The pension charge is assessed in accordance with the advice of independent professionally qualified actuaries on the basis of a triennial valuation using the projected unit method of valuation. The results of the latest valuation was at 30 June 2023 and the main assumptions were:

Discount rate for valuing future liabilities	5.20%
Expected annual rate of return on investments:	6.45%
Annual rate of increase in pension payments:	
- For pre July 1999 service	5.00%
- For post July 1999 service	3.25%

The latest formal funding valuation of the company's pension scheme was undertaken as at 30 June 2023 and the results of this valuation showed a net surplus £1,300,000.

The scheme valuation was updated to 31 December 2023 by the Scheme's independent professionally qualified actuaries and showed a net surplus of £666,000. The company has not recognised this surplus as it believes this is unlikely to be realisable. The company's intention in due course is to seek a buy-out of the pension liabilities with an insurance company and on a buy-out basis the pension has a deficit of some £7,000,000 which makes the realisation of a surplus unlikely.

Following the termination of the scheme, any remaining assets will, subject to the approval of the trustees and the actuary, be returned to the company.

The plan is a registered pension scheme under the Finance Act 2004. Plan assets are held in a separate trust which is governed by applicable UK regulations and practices. Responsibility for governance of the plan, including investment decisions and contribution schedules, lies with the board of trustees.

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Notes to the Financial Statements – 31 December 2023

9. Pension asset (continued)

a) Pension costs (continued)

The major assumptions used in the FRS 101 valuations at 31 December 2023 and 2022 were as follows:

	31.12.2023	31.12.2022
Discount rate	4.60%	4.90%
Price inflation – RPI based	3.35%	3.30%
Price inflation – CPI based (deferred valuation only)	2.85%	2.60%
Mortality improvements	SAPS S3 Light base table with CMI 2022 improvements, 1.5%pa long term trend and an initial addition of 0.5% and a 2022 data weighting of 25%	SAPS S3 Light base table with CMI 2019 improvements, 1.5%pa long term trend and an initial addition of 0.5%
Post retirement increase on		
Pre July 1999 service	5.00%	5.00%
Post July 1999 service	3.05%	3.05%

The unquoted assets in the scheme were:

	Value at 31.12.2023 £000	Value at 31.12.2022 £000
Equities and diversified growth funds/return seeking assets	24,441	26,847
Debt securities/matching assets	42,931	42,484
Cash	867	331
Total market value of scheme assets	68,239	69,662
Present value of scheme liabilities	(67,573)	(68,033)
Scheme surplus	666	1,629
Adjustment to not recognise Scheme surplus	(666)	
Recognised Scheme surplus	-	1,629

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Notes to the Financial Statements – 31 December 2023

9. Pension asset (continued)

a) Pension costs (continued)

	31.12.2023 £000	31.12.2022 £000
Pension interest expense		-
Interest on pension scheme assets	3,308	1,780
Interest on pension scheme liabilities	(3,221)	(1,836)
Net pension interest income/(expense)	87	(56)
Statement of Comprehensive Income		
Actual returns less expected returns on scheme assets	(430)	(23,092)
Experience loss arising of the scheme liabilities	(248)	(779)
Changes in financial assumptions underlying the scheme liabilities	(2,024)	28,312
Changes in demographic assumptions underlying the scheme liabilities	1,351	-
Actuarial (loss)/gain recognised in the statement of comprehensive income	(1,351)	4,441
Change in Plan Liabilities during the year		
Liabilities in plan at beginning of the year	(68,033)	(99,481)
Interest cost	(3,221)	(1,836)
Actuarial (loss)/gain	(920)	27,533
Gross benefits paid	4,601	5,751
Liabilities in Plan at end of year	(67,573)	(68,033)
Change in Plan Assets during the year		
Assets in Plan at beginning of the year	69,662	96,425
Employers' contributions	300	300
Actuarial loss	(430)	(23,092)
Gross benefits paid	(4,601)	(5,751)
Interest Income	3,308	1,780
Assets in Plan at end of year	68,239	69,662

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Notes to the Financial Statements – 31 December 2023

9. Pension asset (continued)

a) Pension costs (continued)

Significant Actuarial Assumptions at 31 December 2023

The sensitivity of the defined benefit obligation at the end of the year to changes in the weighted principal assumptions are as follows:

Impact on Projected Benefit Obligation (PBO)

	Changes in Assumption	Increase in Assumption	Effect on PBO
Discount Rate	5.10%	0.50% increase	4.7% decrease
Discount Rate	4.10%	0.50% decrease	5.1% increase
RPI Inflation Assumptions	3.85%	0.50% increase	0.5% increase
RPI Inflation Assumptions	2.85%	0.50% decrease	0.6% decrease
Life expectancy	Increase of 1 year in expected lifetime of Plan participants		4.9% increase
	Decrease of 1 year in expected lifetime of Plan participants		4.9% decrease

The discount rate has been set using a cashflow weighted approach, consistent with the methodology used last year.

The following table sets out the life expectancies under the assumed post-retirement mortality above.

	2023	2022
Retiring at age 60 at the end of the reporting year		
- Male	88.2	88.7
- Female	89.9	90.4
Retiring at age 60, 20 years after the end of the reporting year		
- Male	89.9	90.5
- Female	91.6	92.0

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the statement of financial position.

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Notes to the Financial Statements – 31 December 2023

9. Pension asset (continued)

a) Pension costs (continued)

Asset volatility

The Matheson Group Pension Plan ('Plan') liabilities are calculated using a discount rate set with reference to corporate bond yields. The Plan significantly de-risked its investment strategy in 2022 by reducing the target expected return on assets from Gilts +2.5%pa to Gilts +2.0%pa. The de-risked investment strategy reduces the volatility in the short-term as changes in interest rates will be significantly offset by the value of the Plan's matching assets.

The allocation of the investments as at 31 December 2023 is as follows:

37% Equities/return seeking assets and cash
63% Debt securities/matching assets

Inflation risk

The Plan's Statement of Funding Principles states that 'the assumption for future RPI price inflation will be set within reference to the rates of inflation implied by the yields on index-linked and corresponding conventional sterling bonds'.

The market-implied rate of inflation as at 31 December 2023 was 3.35% (3.3% as at 31 December 2022).

Pension increases in deferment (and pension increases in payment on post 1988 GMP) re determined with reference to CPI. CPI is assumed to be 50 basis points lower than assumed RPI. (2022: 70 basis points lower than assumed RPI).

It is the Trustees' policy that single investments should not represent a significant proportion of the Plan's assets. The investments held by the Plan are considered to be readily marketable.

Life expectancy

Obligations of the Plan are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. Inflationary increases in the UK result in higher sensitivity to changes in life expectancy.

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Notes to the Financial Statements – 31 December 2023

9. Pension asset (continued)

a) Pension costs (continued)

The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. 35.8% of the assets in 2023 consisted of growth assets (investments directly in equities and return seeking assets) and the remaining percentage was invested in debt securities and matching assets.

Following the reporting of a surplus in the Plan's funding valuation at 30 June 2023, the company ceased making contributions to the pension plan in December 2023 and does not expect to make any contribution in 2024.

The weighted average duration of the defined benefit obligation is 11 years (2022: 11 years).

The expected maturity analysis of undiscounted pension and post-employment medical benefits are as follows:

	Less than 1 year £000	Between 1-2 years £000	Between 2-5 years £000	Over 5 years £000	Total £000
At 31 December 2023					
Pension benefits	4,507	4,405	13,150	82,930	104,992
Post-employment medical benefits	24	42	123	401	590
Total	4,531	4,447	13,273	83,331	105,582
	Less than 1 year £000	Between 1-2 years £000	Between 2-5 years £000	Over 5 years £000	Total £000
At 31 December 2022					
Pension benefits	4,617	4,770	15,281	77,278	101,946
Post-employment medical benefits	22	42	120	494	678
Total	4,639	4,812	15,401	77,772	102,624

b) Medical insurance

The company operates an unfunded medical insurance scheme for certain pensioners and former employees. Full provision has been made for the cost of this scheme in accordance with the advice of independent professionally qualified actuaries. The main assumptions used were:

	31.12.2023	31.12.2022
Discount rate	4.60%	4.90%
Medical cost inflation	6.35%	6.30%
Age related increases	3.00%	3.00%
	For each year of age (up to age 90)	For each year of age (up to age 90)

The service cost included in operating costs amounted to £Nil (2022: £Nil). As at 31 December 2023 the provision required to meet the liabilities of the scheme is £427,000 (2022: £467,000) and has been fully provided in note 16.

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Notes to the Financial Statements – 31 December 2023

10. Tangible assets

	Artwork £000	Leasehold Improvements £000	Computer equipment & software £000	Furniture equipment £000	Motor vehicles £000	Total £000
Cost						
At 1 January 2023	154	691	113	104	204	1,266
Additions	234	3,317	15	467	-	4,033
Disposals	-	(521)	(20)	(87)	-	(628)
At 31 December 2023	388	3,487	108	484	204	4,671
Accumulated depreciation						
At 1 January 2023	-	521	77	100	17	715
Charge for the year	-	9	21	10	51	91
Disposals	-	(521)	(20)	(87)	-	(628)
At 31 December 2023	-	9	78	23	68	178
Net book amount						
At 31 December 2023	388	3,478	30	461	136	4,493
At 31 December 2022	154	170	36	4	187	551

11. Right of use assets

	<u>2023</u> £000	<u>2022</u> £000
Cost at 1 January	23,096	2,874
Additions	-	23,096
Disposal	-	(2,874)
Cost at 31 December	23,096	23,096
Accumulated depreciation at 1 January	(158)	(580)
Charges	(211)	(347)
Disposal	-	769
Accumulated depreciation at 31 December	(369)	(158)
Net book value at 31 December	22,727	22,938

The right of use asset relates to a fully paid leasehold property acquired in April 2022 with a lease term of 109.5 years expiring in September 2131.

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Notes to the Financial Statements – 31 December 2023

12. Investments

	31.12.2023	31.12.2022
	£000	£000
Other investments	14	14
	14	14

The other investments relates to an equity investment in LVMH Moët Hennessy Louis Vuitton.

13. Debtors: amounts falling due within one year

	31.12.2023	31.12.2022
	£000	£000
Other debtors and prepayments	586	376
	586	376

14. Debtors: amounts falling due after more than one year

	31.12.2023	31.12.2022
	£000	£000
Unsecured loan to Jardine Matheson Group subsidiary undertaking	19,000	19,000

As at 31 December 2023, an unsecured loan of £19,000,000 to a fellow subsidiary undertaking bears interest at 0.65% over 6 month SONIA and is repayable on 10 June 2025.

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Notes to the Financial Statements – 31 December 2023

15. Creditors: amounts falling due within one year

	31.12.2023	31.12.2022
	£000	£000
Trade creditors	92	156
Other taxation and social security	102	94
Other creditors and accruals	241	175
Amounts owed to Jardine Matheson Group subsidiary undertaking	16	162
	451	587

16. Provisions for liabilities

	31.12.2023	31.12.2022
	£000	£000
At 1 January	467	662
Utilisation	(22)	(27)
Interest cost	22	12
Actuarial gain	(40)	(180)
At 31 December	427	467

The company operates an unfunded medical insurance scheme for certain pensioners and former employees.

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Notes to the Financial Statements – 31 December 2023

17. Deferred Tax Liability

	<u>2023</u> £000	<u>2022</u> £000
As at 1 st January	407	-
(Credited)/charged to other comprehensive income	(407)	407
As at 31 December	-	407

No deferred tax assets have been recognised as, in the opinion of the directors, accumulated taxable losses will more than cover any future tax liabilities. It is company policy not to record deferred tax assets in respect of accumulated taxable losses unless their recovery is probable in the short term. Future taxable profits cannot be projected with sufficient certainty to merit the recognition of any related deferred tax asset. The amounts of unrecognised deferred tax assets and liabilities are as follows:

	Tax Losses	Provision	Other temporary differences	Total
	£000	£000	£000	£000
Unrecognised deferred tax assets / (liabilities)				
As at 31 December 2023	1,804	107	(275)	1,636
As at 31 December 2022	1,640	117	-	1,757

The gross amount of the unrecognised deferred tax assets was £7,644k (2022 : £7,028k) and the gross amount of the unrecognised deferred tax losses was £7,216k (2022 : £6,560). The gross amount of the unrecognised deferred tax liabilities was £1,100k (2022 : nil).

The unrecognised deferred tax assets were calculated at 25% corporation tax rate (2022 : 25%). Changes to the UK corporation tax rate were announced in the 2022 Budget which announced the UK main corporation tax rate would increase from 19% to 25% from 1 April 2023. Any items noted above have no expiry date.

18. Called up share capital

	<u>31.12.2023</u> £000	<u>31.12.2022</u> £000
Authorised:		
20,000,000 (2022: 20,000,000) ordinary shares of £1 each	20,000	20,000
Allotted and fully paid:		
20,000,000 (2022: 20,000,000) of ordinary shares of £1 each	20,000	20,000

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Notes to the Financial Statements – 31 December 2023

19. Related party transactions

As a wholly owned subsidiary of Jardine Matheson Holdings Limited, the company has taken advantage of the exemption contained within FRS 101 (paragraph 8 (k)) not to disclose related party transactions with other wholly owned members of the Jardine Matheson Group.

20. Ultimate holding company and parent undertaking

The company is a private limited company, incorporated in the United Kingdom and domiciled in the UK. The registered office address is 12 Upper Grosvenor Street, London W1K 2ND.

The company is owned by Matheson Investments Limited, a company incorporated in the British Virgin Islands. The ultimate parent company and controlling party is Jardine Matheson Holdings Limited, a company incorporated in Bermuda at Jardine House, 33-35 Reid Street, Hamilton, Bermuda.

The largest and smallest group for which group financial statements are prepared, and of which the company is a member, is Jardine Matheson Holdings Limited. Copies of the financial statements of the group can be obtained from Matheson & Co., Limited at the registered office address given above.