COMPANY NO: 04466326

CEDAR ROCK CAPITAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

♦ Year ended 31 October 2021 ♦

CONTENTS

STRATEGIC REPORT

Business overview

The group carries on business as a discretionary investment manager pursuing a long-only, buy-and-hold global equity strategy. The investment objective is to achieve positive absolute returns over the long term with a strong capital preservation bias.

The board of directors is responsible for the overall stewardship of the company. Certain full time employees are also shareholders of the company and therefore participate directly in its profitability and growth.

As at 31 October 2021, the group provided investment management services to two segregated accounts. The group was also the investment manager of two pooled investment funds: Cedar Rock Capital Partners LLC, a limited liability company incorporated in Delaware, USA to which Cedar Rock Capital LLC (the company's wholly-owned US subsidiary) acts as managing member and Cedar Rock Capital ICAV ("the ICAV"), an open-ended Irish Collective Asset-Management Vehicle.

The group had approximately $10,383m (2020: $11,264m) in assets under management at 31 October 2021 representing an 8% decrease compared to the prior year.

The performance of the group and company for the year is contained in the Report of the Directors on page 5 which forms part of the Strategic Report.

During November 2021 the founder, chief executive and director, Mr Andrew Brown, took the decision to retire. As a result, the directors intend to liquidate the group after unwinding the pooled investment funds it manages. The group is now presented on a basis other than that of going concern. Provisions have been made in respect of contracts which have become onerous at the reporting date and costs of terminating the business where these can be reasonably estimated.

Principal risks and uncertainties

The principal risks and uncertainties faced by the group are described below:

- Market risk – the group's performance is exposed to movements in the prices of individual stocks and the market generally;

- Investment risk – poor investment strategy or stock selection may result in poor returns or loss of capital for investors ultimately leading to a loss of assets under management;

- Regulatory risk – as a regulated business in the UK, US and Ireland, breach of regulatory rules may lead to sanctions by the authorities, and new regulations may impose undue pressure on the company's infrastructure;

- Covid-19 – the group's performance is exposed to the global macro-economic impact of Covid-19;

- Operational risk – failure of its operational systems or those of third-party service providers may disrupt the group's ability to manage investment portfolios;

STRATEGIC REPORT
(Continued)

- Financial risk – inadequate controls or policies could lead to misappropriation of assets and failure to comply with accounting standards and related regulations;

- Foreign exchange risk – the group is exposed to foreign exchange risk as evidenced by its US dollar denominated income;

- Credit risk – the group is exposed to debtors who may fail to settle investment management fees, the primary source of revenue;

- Liquidity risk – the group's policy is to maintain significant cash balances to ensure continuity of funding and short-term flexibility to meet its obligations associated with financial liabilities; and

- Interest rate risk – interest bearing assets comprise cash and bank deposits, which earn interest at both fixed and variable rates. There are no interest-bearing liabilities.

The directors seek to mitigate and manage each of these risks and limit the adverse effects on the financial performance of the company, through continual review and policy setting. The financial and regulatory compliance functions are outsourced to a third-party provider thus offering a degree of independence.

Key performance indicators

The group uses a number of performance measures to assess its success in meeting its objectives, including:

- Investment performance – the group's success depends on satisfying its clients. The group believes that its clients expect investment returns over time that are attractive in relation to the risks associated with equity investment in general and to the investment strategy in particular;

- Assets under management – as reported above; and

- Profitability – the current year's results are reported in the Report of the Directors on page 5.

The Strategic Report was approved by the board on 17 February 2022 and was signed on its behalf by:

Andrew Brown
Director

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company and group for the year ended 31 October 2021.

Results and dividends

The group profit for the year after tax and before dividends amounted to £36,498,860 (2020: £68,942,366). The company made a profit after tax and before dividends of £36,490,372 (2020: £68,932,262).

During the year interim dividends totalling £45,130,000 (2020: £73,725,000) were paid. The directors resolved to pay a final dividend of £14,910,323 (2020: £Nil) in December 2021.

Future developments

As explained in the Strategic Report and notes 1b and 13 to the financial statements, the group intends to cease trading in the foreseeable future and the financial statements have been prepared on a basis other than that of going concern. This basis includes, where appropriate, writing the group's assets down to net realisable value. Provision has also been made in respect of contracts which have become onerous at the reporting date and for future costs of terminating the business where these can be reasonably estimated.

Financial instruments – financial risk management and exposure to risk

The group's objectives and policies on financial risk management and exposure to risks from financial instruments are discussed in the Strategic Report.

Directors and their interests

The officers of the company who held office during the year end and up to the date of signing the financial statements were:

Directors	Joy-Isabelle Besse Andrew Brown Sarah-Jane Maidens (appointed 19 November 2021)
Secretary	Joy-Isabelle Besse

Dividends paid to directors who were shareholders during the year amounted to £18,719,677 (2020: £42,232,617).

Streamlined Energy and Carbon Reporting

The group has adopted the reporting requirements of the Streamlined Energy and Carbon Reporting (SECR) policy as implemented by the UK government and with effect for financial years commencing after 1 April 2019. This is the group's first year reporting under the SECR regime.

The group's emissions have been calculated in line with the Greenhouse gas reporting: conversion factors 2020 as published by the UK government.

REPORT OF THE DIRECTORS
(Continued)

Emissions tables
For the financial years ending 31 October:

		2021		2020	
		CO2e Tonnes	%	CO2e Tonnes	%
Scope 1	n/a	n/a	n/a	n/a	n/a
Scope 2	Electricity purchased and used for operations	14.9	100%	23.9	100%
	Total	**14.9**	**100%**	**23.9**	**100%**

The group has decreased its emissions by 38% over the last year.

The Emissions Intensity Ratio (CO2e tonnes per member of staff) is 1.5 (2020: 2.7). We believe number of staff is an appropriate business specific metric for calculating the Emissions Intensity Ratio, as it is the main driver of our energy consumption and therefore emissions.

We generate Scope 1 and Scope 2 emissions directly through purchasing electricity from occupying premises in the UK.

The group is aware of its duty to reduce its impact on the environment and will continue to make efforts with the goal of reducing its carbon footprint where it realistically can notwithstanding the proposed liquidation of the group.

Directors' responsibilities statement

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 laws including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

REPORT OF THE DIRECTORS
(Continued)

Directors' responsibilities statement (continued)

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of going concern

The financial position of the group, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, note 15 to the financial statements explains the group's policies and procedures for managing its financial risks, including its exposure to foreign exchange risk, credit risk, capital risk and liquidity risk.

During November 2021, the founder, chief executive and director, Mr Andrew Brown, took the decision to retire. The directors therefore intend to liquidate the group in the foreseeable future and the group is now presented on an "other than going concern" basis. It has been deemed there are no assets on the balance sheet at 31 October 2021 that required a write down to net realisable value.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of its directors.

Pillar 3 disclosures

The company has documented the disclosures required by the FCA under BIPRU 11.3 and BIPRU 11.5.18 in the unaudited Appendix to these financial statements.

Auditor

Grant Thornton UK LLP have indicated their willingness to continue in office as auditor. A resolution concerning their reappointment will be proposed at the annual general meeting.

The report of the directors was approved by the Board on 17 February 2022 and was signed on its behalf by:

Andrew Brown
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEDAR ROCK CAPITAL LIMITED

Opinion

We have audited the financial statements of Cedar Rock Capital Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2021, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent 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.

Emphasis of matter – basis of preparation of the financial statements

We draw attention to Notes 1a,1b and 13 to the financial statements, which describe the basis of preparation of the financial statements. As described in those notes, it is the intention of the Directors to liquidate the group in the foreseeable future and accordingly the directors have prepared the financial statements on an "other than going concern basis" with assets presented at their net realisable value and provision made for closure expenses. Our opinion is not modified in respect of this matter.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEDAR ROCK CAPITAL LIMITED

(Continued)

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.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

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

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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEDAR ROCK CAPITAL LIMITED
(Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management. We determined that the most significant laws and regulations were United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Companies Act 2006 and the Financial Services and Markets Act 2000.

- We enquired of the directors and management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of minutes of the Company's board meetings. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.

- In assessing the potential risks of material misstatement, we obtained an understanding of: the Company's operations, inuding the nature of its revenue sources, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement and the Company's control environment, including the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Company operates; and
  - understanding of the legal and regulatory frameworks applicable to the Company.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
  - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CEDAR ROCK CAPITAL LIMITED
(Continued)

  - challenging the assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Grant Thornton UK LLP

David Pearson BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

17 February 2022

CONSOLIDATED INCOME STATEMENT
For the year ended 31 October 2021

	Note	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
Turnover	1d & 2	79,480,685	90,445,451
Administrative expenses		(28,287,318)	(5,374,948)
Other operating income		-	-
Operating profit	4	51,193,367	85,070,503
Closure expenses	13	(5,661,641)	-
Interest receivable		2,444	44,675
Gain on investments		4,220	54
		6,664	44,729
Profit before taxation		45,538,390	85,115,232
Taxation	7	(9,039,530)	(16,172,866)
Profit after taxation		36,498,860	68,942,366

All of the group's operations are discontinuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 October 2021

	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
Profit for the year	36,498,860	68,942,366
Total comprehensive income for the year attributable to equity holders of the parent company	36,498,860	68,942,366

The notes on pages 16 to 28 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS
as at 31 October 2021

	Note	Group 31 October 2021 £	Company 31 October 2021 £	Group 31 October 2020 £	Company 31 October 2020 £
Fixed assets					
Tangible assets	9	-	-	64,031	64,031
Investments	10	-	-	21,642	648
		-	-	85,673	64,679
Current assets					
Tangible assets	9	52,045	52,045	-	-
Investments	10	24,668	648	-	-
Debtors	11	8,641,909	8,641,909	12,785,094	12,785,094
Cash at bank and in hand		35,319,625	35,270,591	32,027,154	31,984,571
		44,038,247	43,965,193	44,812,248	44,769,665
Creditors: Amounts falling due within one year	12	(3,178,593)	(3,189,738)	(971,572)	(983,706)
Net current assets		40,859,654	40,775,455	43,840,676	43,785,959
Total assets less current liabilities		40,859,654	40,775,455	43,926,349	43,850,638
Provision for liabilities and charges	13	(5,661,641)	(5,661,641)	(9,855)	(9,855)
Net assets		35,198,013	35,113,814	43,916,494	43,840,783
Capital and reserves					
Called up share capital	17	543,274	543,274	543,274	543,274
Capital redemption reserve		483,761	483,761	401,589	401,589
Share premium account		17,649,463	17,649,463	9,259,701	9,259,701
Profit and loss account		16,521,515	16,437,316	33,711,930	33,636,219
Equity shareholders' funds		35,198,013	35,113,814	43,916,494	43,840,783

The company made a profit after tax and before dividends of £36,490,372 (2020: £68,932,262).

The financial statements were approved by the Board on 17 February 2022 and signed on its behalf by:

Andrew Brown
Director
Company Number: 04466326

The notes on pages 16 to 28 form part of these financial statements

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 October 2021

Group	Called up share capital	Capital redemption reserve	Share premium account	Profit and loss account	Total
	£	£	£	£	£
Balance as at 1 November 2019	514,536	401,589	5,676,935	38,494,564	45,087,624
Profit and total comprehensive income for the year	-	-	-	68,942,366	68,942,366
Shares issued	28,738	-	3,582,766	-	3,611,504
Dividends paid	-	-	-	(73,725,000)	(73,725,000)
Balance as at 31 October 2020	543,274	401,589	9,259,701	33,711,930	43,916,494
Profit and total comprehensive income for the year	-	-	-	36,498,860	36,498,860
Shares issued	82,172	-	8,389,762	-	8,471,934
Shares repurchased and cancelled	(82,172)	82,172	-	(8,559,275)	(8,559,275)
Dividends paid	-	-	-	(45,130,000)	(45,130,000)
Balance as at 31 October 2021	543,274	483,761	17,649,463	16,521,515	35,198,013

Company	Called up share capital	Capital redemption reserve	Share premium account	Profit and loss account	Total
	£	£	£	£	£
Balance as at 1 November 2019	514,536	401,589	5,676,935	38,428,957	45,022,017
Profit and total comprehensive income for the year	-	-	-	68,932,262	68,932,262
Shares issued	28,738	-	3,582,766	-	3,611,504
Dividends paid	-	-	-	(73,725,000)	(73,725,000)
Balance as at 31 October 2020	543,274	401,589	9,259,701	33,636,219	43,840,783
Profit and total comprehensive income for the year	-	-	-	36,490,372	36,490,372
Shares issued	82,172	-	8,389,762	-	8,471,934
Shares repurchased and cancelled	(82,172)	82,172	-	(8,559,275)	(8,559,275)
Dividends paid	-	-	-	(45,130,000)	(45,130,000)
Balance as at 31 October 2021	543,274	483,761	17,649,463	16,437,316	35,113,814

The notes on pages 16 to 28 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 October 2021

	Note	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
Net cash inflow from operating activities	18	54,866,260	85,182,553
Taxation paid		(10,498,102)	(25,065,756)
Net cash generated from operating activities		44,368,158	60,116,797
Cash flow from investing activities			
Interest received		2,445	55,866
Purchase of tangible fixed assets		(20,749)	(49,151)
Net cash (used)/generated from investing activities		(18,304)	6,715
Cash flow from financing activities			
Issue of share capital		12,642,839	1,476,654
Shares purchased		(8,559,276)	-
Dividends paid		(45,130,000)	(73,725,000)
Net cash used in financing activities		(41,046,437)	(72,248,346)
Net increase/(decrease) in cash and cash equivalents		3,303,417	(12,124,834)
Exchange (loss)/gain on cash and cash equivalents		(12,140)	28,250
Other exchange movements		1,194	-
Cash and cash equivalents at the beginning of the year		32,027,154	44,123,738
Cash and cash equivalents at the end of the year		35,319,625	32,027,154

The notes on pages 16 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 October 2021

1. ACCOUNTING POLICIES

General information
The principal activity of the group and company is the provision of investment management and advisory services.

The company is limited by shares and is incorporated in England and Wales, United Kingdom. The address of its registered office is Suite 1, 3rd Floor, 11-12 St James's Square, London SW1Y 4LB.

Statement of compliance
The group and the individual financial statements of Cedar Rock Capital Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of accounting
The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. Furthermore, since the group is presented on an "other than going concern" basis, assets are required to be presented at their net realisable value.

b) Going concern
As outlined in the Report of the Directors, it is the intention to liquidate the group in the foreseeable future. Accordingly, the financial statements have been prepared on an "other than going concern" basis. Provision has also been made in respect of contracts which have become onerous at the reporting date and for costs of terminating the business where these can be reasonably estimated. The company holds sufficient cash to cover its liabilities as and when they fall due.

c) Basis of consolidation
The consolidated financial statements have been prepared in accordance with section 9 of FRS 102. The consolidated financial statements consolidate the results and the position of the company and its subsidiary undertakings for the year ended 31 October 2021.

Subsidiaries are entities that are directly or indirectly controlled by the group. Control exists where the group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

1. ACCOUNTING POLICIES (CONTINUED)

c) Basis of consolidation (continued)
Uniform accounting policies have been used across the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

d) Turnover
Turnover comprises monthly management fees that are recognised when earned by the group at the end of each month and are stated net of Value Added Tax.

e) Administrative expenses
Expenses relate to cost incurred by the group in relation to the administration and business of the group and are recognised on an accruals basis.

f) Employee benefits
The group provides benefits to employees, including a defined contribution pension scheme.

Short term benefits:
Short-term employee benefits such as salaries are recognised as an expense in the year employees render services to the group.

Pension contributions:
Pension contributions to occupational or personal pension schemes for eligible employees are accounted for in the group's income statement on an accruals basis.

g) Foreign currency
Functional and presentation currency:
The financial statements are presented in the currency of the primary economic environment in which the group and the company operates. The group's functional and presentation currency is pound sterling.

Transactions and balances:
Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within the operating profit.

h) Taxation
Current tax, including UK corporation tax and foreign tax, is provided using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date on the excess of taxable income and allowable expenses.

1. ACCOUNTING POLICIES (CONTINUED)

i) Deferred taxation
Deferred tax is accounted for on an undiscounted basis at expected tax rates on all timing differences that have originated but not reversed at the balance sheet date where transactions and events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements other than differences regarded as permanent. A deferred tax asset is only recognised where it is more likely than not that the asset will be recoverable in the foreseeable future out of taxable profits from which the reversal of timing differences can be deducted.

j) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities.

k) Financial instruments
The group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets:
Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of comprehensive income immediately.

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 the statement of comprehensive income immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities:
Basic financial liabilities, including trade and other payables and bank loans, 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 receipts discounted at a market rate of interest.

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

1. ACCOUNTING POLICIES (CONTINUED)

k) Financial instruments (continued)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting:

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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 to liability simultaneously.

l) Investment in subsidiaries

Investments in subsidiary companies are held at cost less accumulated impairment losses.

m) Tangible assets and depreciation

Tangible fixed assets are stated at historic cost less accumulated depreciation and accumulated impairment losses. They are depreciated so as to write off the cost or valuation of each asset over its estimated useful life. Costs include those costs which are directly attributable to bringing the asset into working condition for its intended use.

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets, over their estimated useful lives. It is calculated on a straight-line basis over the following period:

Office equipment	-	3 years
Furniture & fixtures	-	3 years
Computer equipment	-	3 years
Leasehold improvements	-	5 years

n) Investments

Investments comprise an investment in an unquoted Delaware limited liability company incorporated in the United States which is measured at fair value. Changes in fair value are recognised in the profit or loss. Fair value is considered to equate to the independent valuation obtained on a monthly basis.

o) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

1. ACCOUNTING POLICIES (CONTINUED)

o) Impairment of non-financial assets (continued)
If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated income statement.

p) Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Payments under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight-line basis over the period of the lease.

q) Critical judgements and estimates in applying accounting policies
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In making a provision for closure expenses, management has identified those contracts which have become onerous and included other costs of terminating the business where these are considered material and can be reasonably estimated at the reporting date.

2. TURNOVER

The turnover earned during the year is attributable to fees arising from the group's investment management of four segregated accounts, one Irish domiciled fund (Cedar Rock Capital ICAV) and one Delaware limited liability company (Cedar Rock Capital Partners LLC). These fees are fully derived from the United Kingdom.

3. SUBSIDIARY COMPANIES

The company is the sole member of Cedar Rock Capital LLC ("the LLC"), a Delaware limited liability company incorporated in the United States. The LLC manages Cedar Rock Capital Partners LLC, another Delaware limited liability company incorporated in the United States, from which the company receives an investment management fee for providing investment management advice. For the year ended 31 October 2021, the LLC made a profit after tax of equivalent £12,700 (2020: £10,258). The LLC is the company's principal wholly owned subsidiary included in the consolidation.

4. OPERATING PROFIT

	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
The operating profit is stated after charging:		
Auditors' remuneration -		
Fees payable to the company's auditor for the audit of the annual financial statements	33,000	20,400
Fees payable to the company's auditor and its associates for other services:		
– other services relating to taxation	8,000	8,000
– other services relating to CASS	5,400	5,200
– other services	-	16,480
Operating lease rentals – property	234,675	294,569
Depreciation	32,544	27,323
Foreign exchange differences	360,895	37,935

5. DIRECTORS' REMUNERATION

	Group and Company Year ended 31 October 2021 £	Group and Company Year ended 31 October 2020 £
Emoluments	190,000	190,000

The highest paid director received earnings of £190,000 (2020: £190,000).

Key management includes the directors and members of senior management, who were paid £18,023,715 (2020: £1,078,487) compensation during the year.

6. STAFF COSTS (INCLUDING DIRECTORS)

	Group and Company Year ended 31 October 2021 £	Group and Company Year ended 31 October 2020 £
Wages and salaries	20,711,661	1,184,613
Social security costs	2,942,255	159,526
Other pension costs	709	548
	23,654,625	1,344,687
The average monthly number of employees and directors for the group and company was as follows:		
Office and management	11	10

7. TAXATION

a) Tax on profit	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
Current tax:		
Corporation tax at 19.00% (2020: 19.00%)	9,059,255	16,167,795
Tax charge in respect of current year	9,059,255	16,167,795
Deferred tax	(19,725)	5,071
Total tax charge	9,039,530	16,172,866

b) Reconciliation of tax charge	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
Profit before taxation	45,538,390	85,115,232
Theoretical tax at UK corporation tax rate of 19.00% (2020: 19.00%)	8,652,294	16,171,894
Effects of:		
- Consolidating adjustments	800	-
- Fixed asset differences	(938)	-
- Expenses not deductible for tax purposes	389,079	3,706
- Income not credited for tax purposes	-	(1,376)
- Overseas tax	(1,705)	(1,921)
- Difference in tax rates	-	563
Total tax charge	9,039,530	16,172,866

c) Tax rate changes

The standard rate of corporation tax in the UK has been 19.00% since 1 April 2017. Accordingly, the group's profits for the year are taxed at an effective rate of 19.00% (2020: 19.00%). Deferred tax has also been recognised at a rate of 19%.

8. DIVIDENDS

	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
"A" ordinary (£61.90 per share)	18,719,677	42,232,617
"B" ordinary (£109.65 per share)	26,410,323	31,492,383
	45,130,000	73,725,000

9. TANGIBLE ASSETS

Group and Company

	Furniture & fixtures	Office equipment	Computer equipment	Leasehold improvements	Total
	£	£	£	£	£
Cost:					
At 1 November 2020	124,139	57,492	142,855	207,021	531,507
Additions	-	2,473	6,025	12,251	20,749
Disposal	-	(10,425)	(994)	-	(11,419)
At 31 October 2021	124,139	49,540	147,886	219,272	540,837
Depreciation:					
At 1 November 2020	122,344	46,775	92,763	205,594	467,476
Charge for year	1,378	5,885	25,055	226	32,544
Disposal	-	(10,234)	(994)	-	(11,228)
At 31 October 2021	123,722	42,426	116,824	205,820	488,792
Net book value:					
At 31 October 2021	417	7,114	31,062	13,452	52,045
At 31 October 2020	1,795	10,717	50,092	1,427	64,031

10. INVESTMENTS

	Group Other fixed asset investments	Company Investment in subsidiaries (note 3)
	£	£
At 1 November 2020	21,642	648
Change in fair value during the year	3,026	-
At 31 October 2021	24,668	648

Investment in subsidiary

Company name	Country of incorporation	Nature of business	Interest
Cedar Rock Capital LLC	US	Investment management	100% participation

The directors consider the value of the investment to be supported by its underlying assets.

11. DEBTORS

	Group 31 October 2021 £	Company 31 October 2021 £	Group 31 October 2020 £	Company 31 October 2020 £
Trade debtors	6,198,962	6,198,962	7,600,096	7,600,096
Other debtors (note 17)	380,414	380,414	4,478,684	4,478,684
Corporation tax	1,618,347	1,618,347	179,500	179,500
VAT	36,796	36,796	13,932	13,932
Deferred tax asset (note 14)	9,870	9,870	-	-
Prepayments and accrued income	397,520	397,520	512,882	512,882
	8,641,909	8,641,909	12,785,094	12,785,094

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 31 October 2021 £	Company 31 October 2021 £	Group 31 October 2020 £	Company 31 October 2020 £
Trade creditors	15,370	15,370	36,515	36,515
Other creditors	-	-	33,951	33,951
Other taxes and social security	84,654	84,654	41,220	41,220
Amounts owed to Cedar Rock Capital LLC	-	23,804	-	25,534
Accruals and deferred income	3,078,569	3,065,910	859,886	846,486
	3,178,593	3,189,738	971,572	983,706

13. PROVISION FOR LIABILITIES AND CHARGES

Group and Company

	Closure expenses £	Deferred taxation (note 14) £	Total £
At 1 November 2020	-	9,855	9,855
Additions	5,661,641	-	5,661,641
Origination and reversal of timing differences	-	(9,855)	(9,855)
At 31 October 2021	5,661,641	-	5,661,641

As the group will be liquidated in the foreseeable future, provision has been made in respect of contracts which have become onerous at the reporting date and for costs of terminating the business where these can be reasonably estimated.

14. DEFERRED TAXATION

	Group 31 October 2021 £	Company 31 October 2021 £	Group 31 October 2020 £	Company 31 October 2020 £
Deferred tax provided:				
Origination and reversal of timing differences	(9,870)	(9,870)	9,855	9,855
The movement in the provision is as follows:				
At 1 November 2020	9,855	9,855	4,784	4,784
Deferred tax (credit)/expense	(19,725)	(19,725)	5,071	5,071
At end of year (asset)/liability	(9,870)	(9,870)	9,855	9,855

Deferred tax has been recognised at 19% (2020: 19%) because of uncertainty as to the average rate of tax that will apply when the underlying timing differences reverse on the assumption that the group will be liquidated prior to the increase in the rate of corporation tax to 25% which has been substantively enacted into UK law by the passing of Finance Act 2021 and takes effect form 1 April 2023.

15. FINANCIAL RISK MANAGEMENT

The group has exposure to four main areas of financial risk: foreign exchange risk, credit risk, capital risk and, to a lesser extent, liquidity risk.

Foreign exchange risk
The group is exposed to currency exchange rate risk due to a significant proportion of its receivables being denominated in US dollars compared to an expense base that is predominantly pounds sterling. The net currency exposure is closely monitored and the current policy is to exchange US dollars into pounds sterling on receipt or as soon as practicable thereafter, taking into account any US dollar denominated expenses that are due to be paid.

Credit risk
The group is at risk to the extent that its clients do not pay the investment management fees that have been earned by the group. This risk is mitigated by regular review of aged debtors and strong on-going client relationships.

Capital risk
There is the risk that the group has insufficient capital to support its level of operations and absorb unexpected business shocks. Historically the group has maintained capital and reserves that comfortably exceed its regulatory capital requirements.

Liquidity risk
The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. As the group is consistently in a strong net positive operating cash flow position, it is more than able to meet its commitments and obligations as they fall due.

16. FINANCIAL INSTRUMENTS BY CATEGORY

	Group 31 October 2021 £	Company 31 October 2021 £	Group 31 October 2020 £	Company 31 October 2020 £
Financial assets at amortised cost through profit and loss	35,344,293	35,270,591	32,048,796	31,984,571
Financial assets that are debt instruments measured at amortised cost	6,743,845	6,743,845	12,391,551	12,391,551
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities measured at amortised cost	3,093,939	3,093,939	930,352	942,486

17. CALLED UP SHARE CAPITAL

Group and Company

	31 October 2021 £	31 October 2020 £
Allotted -		
"A" ordinary shares of £1 each	302,406	302,406
"B" ordinary shares of £1 each	240,868	240,868
	543,274	543,274
Called up and fully paid -		
"A" ordinary shares of £1 each	302,406	302,406
"B" ordinary shares of £1 each	206,733	206,733
	509,139	509,139

There are two classes of ordinary shares: "A" ordinary shares and "B" ordinary shares. The "B" ordinary shares rank pari passu with the "A" ordinary shares for dividends but carry no voting rights. There are no restrictions on the distribution of dividends and the repayment of capital.

In April 2021 and June 2021, for a consideration of £103.10 per share, the company respectively purchased and cancelled 65,874 and 16,298 "B" ordinary shares of £1 each.

In July 2021 the company issued and allotted 82,172 of additional "B" ordinary shares fully paid at £103.10 per share.

During the year the company made calls on unpaid "B" ordinary shares, totalling £4,170,907, which were duly paid.

£307,777 (2020: £4,478,684) of share capital and share premium remained unpaid at 31 October 2021, as included in other debtors (note 11).

18. RECONCILIATION OF PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group Year ended 31 October 2021 £	Group Year ended 31 October 2020 £
Profit for the financial year	36,498,860	68,942,366
Adjustments for:		
Tax on profit	9,039,530	16,172,866
Net interest receivable	(2,444)	(44,675)
Gain on investments	(4,220)	(54)
Closure expenses	5,661,641	-
Operating profit	51,193,367	85,070,503
Depreciation of tangible assets	32,544	27,323
Disposal of tangible assets	191	-
Exchange gain on cash and cash equivalents	12,140	(28,250)
Working capital movements:		
Decrease in debtors	1,420,995	375,666
Increase/(decrease) in creditors	2,207,023	(262,689)
Net cash inflow from operating activities	54,866,260	85,182,553

19. RESERVES

Called up share capital represents the nominal value of shares that have been issued. Capital redemption reserve reflects the nominal value of those shares that the company has repurchased and cancelled. Share premium account comprises any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. Profit and loss account includes all current and prior period retained profits and losses.

20. ANALYSIS OF CHANGES IN NET DEBT

Group

	1 November 2020 £	Cash flows £	Other non-cash changes £	31 October 2021 £
Cash at bank and in hand	32,027,154	3,303,417	(10,946)	35,319,625
Cash and cash equivalents	32,027,154	3,303,417	(10,946)	35,319,625
Borrowings	-	-	-	-
	32,027,154	3,303,417	(10,946)	35,319,625

21. CONTROLLING PARTY

Mr Andrew Brown is the ultimate controlling party of the company.

22. FINANCIAL COMMITMENTS – OPERATING LEASES

As at 31 October 2021 the group and company had future minimum lease payments under non-cancellable operating leases for land and buildings expiring as follows:

	31 October 2021 £	31 October 2020 £
Within one year	-	307,360
Between one and two years	-	307,360
Between two and five years	-	922,080
After five years	-	406,726
	-	1,943,526

23. RELATED PARTY TRANSACTIONS

Mr Andrew Brown is a member of Cedar Rock Capital Partners LLC ("the LLC"), a Delaware limited liability company incorporated in the United States, from which the company earned investment management fees of £61,491,854 (2020: £67,890,521) during the year. As at 31 October 2021 Mr Andrew Brown's interest in the LLC amounted to US$305,342,239 (2020: US$243,890,949) with the total net asset value of the LLC being US$7,932m (2020: US$8,302m). At 31 October 2021 Cedar Rock Capital Partners LLC owed the company £4,821,161 (2020: £5,342,144) in investment management fees.

Ms Joy-Isabelle Besse is a director of Cedar Rock Capital ICAV ("the ICAV") from which the company earned investment management fees of £13,157,205 (2020: £15,566,551). At 31 October 2021 Ms Joy-Isabelle Besse held units in the ICAV valued at equivalent £3,773,154 (2020: £4,965,192) with the total net asset value of the ICAV being US$1,663m (2020: US$2,042m). At 31 October 2021 the ICAV owed the company £964,336 (2020: £1,292,981) in investment management fees.

During the year there have been expenses of £1,850,000 (2020: £1,700,000) for professional services rendered to the company by Meteora Partners LLP, of which Ms Joy-Isabelle Besse and Sarah-Jane Maidens are designated members. At 31 October 2021, £500,000 (2020: £700,000) was due to be paid to Meteora Partners LLP.

The company has taken advantage of the FRS102 exemption and chosen not to disclose transactions with its wholly owned subsidiaries.

22. POST BALANCE SHEET EVENTS

During November 2021 the founder, chief executive and director, Mr Andrew Brown, decided to retire. As a result, the directors intend to liquidate the group in the foreseeable future (note 13).

In December 2021 the group paid a final dividend of £14,910,323 (2020: £Nil) to the holders of the "B" ordinary shares.

APPENDIX: PILLAR 3 AND REMUNERATION DISCLOSURE

The following Appendix does not form part of the audited financial statements:

Pillar 3 disclosure fulfils the obligation of Cedar Rock Capital Limited (the "Company") to disclose publicly key information on the Company's capital, risk exposures and risk assessment and remuneration processes in accordance with the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), Chapter 11.

The Company was incorporated with limited liability in England and Wales on 20 June 2002. It is authorised and regulated by the Financial Conduct Authority (the "FCA") as a full scope Alternative Investment Fund Manager ("AIFM") providing discretionary investment management services to alternative investment funds and segregated managed accounts pursuant to the Alternative Investment Fund Managers Directive ("AIFMD"). The Company is categorised by the FCA as a collective portfolio management investment firm ("CPMI") and a BIPRU investment firm for regulatory capital purposes.

I. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Directors of the Company determine its business strategy and risk appetite. They have designed and implemented a risk management framework that recognizes the risks that the business faces. The Directors of the Company also determine how those risks may be mitigated and assess on an ongoing basis the controls and procedures necessary to manage those risks. The Directors of the Company (including the Compliance Officer) meet on a regular basis, generally monthly, to discuss projections for profitability, liquidity, regulatory capital, business planning and risk management.

As an investment manager, the Company considers the following to represent the key risks to its business:

1. <u>Corporate Governance Risks</u>

In order to manage its business affairs effectively the Company must have adequate internal arrangements including a proper organisational structure and clear lines of responsibility for its staff, the ability to oversee any outsourced functions and identify and prevent or manage conflicts of interests. These risks are largely mitigated through the Company having a very small number of staff and a simple business model.

2. <u>Business and Market Risks</u>

The Company considers that its key resource is the quality and experience of its staff and therefore is exposed to the business risk inherent in staff turnover. This risk is mitigated by the fact that the majority of the Company's full time employees are also shareholders of the Company. The Company relies upon the investment performance of its client portfolios in order to retain business and generate revenue; consequently, the Company is exposed to the risk of loss of client mandates or investor redemptions from the funds that it manages and/or a material decline in the value of client portfolios due to adverse market conditions. The Company mitigates these risks by maintaining high levels of capital relative to its operating costs.

3. <u>Operational Risks</u>

The Company is exposed to risks inherent in a possible failure of its operational controls resulting for example in trading errors or incorrect client valuations; failure or errors of a third party service provider; systems failures and cybersecurity threats. The Company mitigates these risks through the ongoing review of its operational procedures, holding professional indemnity insurance, cyber-security insurance and operating a business continuity plan.

4. Prudential and Credit Risks

The Company is exposed to counterparty risk relating to the Company's trade debtors, bank accounts and any other debtors. Management fees are paid monthly or quarterly and the Company maintains appropriate cash levels to mitigate against a possible default by a client. The Company holds its own funds with a large regulated UK bank. See "II. Capital Resources" below for the Company's approach to calculating its risk weighted exposures.

5. Legal and Reputational Risks

The Company operates in regulated markets and is exposed to the potential risk of material legal and regulatory sanction. It aims to mitigate such risks through its compliance policies and procedures, ensuring that its staff are fully aware of their responsibilities, compliance monitoring and holding professional indemnity and cyber-security insurance.

6. Liquidity Risks

The Company is required to maintain sufficient levels of liquidity to ensure that it can meet its liabilities as they fall due and, as an AIFM, to hold liquid assets in excess of AIFMD capital required as contained in its formal written liquidity risk policy. The Company maintains sufficient cash reserves to meet its working capital requirements in case of an unexpected shortfall. Debtors have historically settled promptly and the Company considers the risk of a cash flow deficit arising to be minimal. Cash positions are monitored by senior management monthly.

7. Interest Rate Risks

The Company has not historically financed itself with debt, nor has it held interest rate sensitive investments for its own account.

The above risks are assessed and mitigated as part of the business risk assessment undertaken in the Internal Capital Adequacy Assessment Process ("ICAAP") in order to ensure that material risks of the firm are adequately covered by capital.

II. CAPITAL RESOURCES

As a CPMI firm, the Company is subject to both the regulatory capital regimes applicable to investment firms contained in the Capital Requirement Directive ("CRD"), as amended, and to AIFMs contained in the AIFMD.

Capital requirements arising from the Pillar 1 and Pillar 2 components of the CRD are compared to any higher requirements arising from the AIFMD asset based and professional indemnity insurance elements to derive the total regulatory capital required by the Company.

CRD Pillar 1 capital requirement is the greatest of:

1. a base capital requirement of Euro 50,000;
2. the sum of Credit and Market Risk Requirements; and
3. the Fixed Overhead Requirement, representing a quarter of the Company's audited fixed annual expenditure.

In calculating Pillar 1, the Company applies a standardised approach to credit risk, applying 8% to the Company's risk weighted exposure amounts, consisting mainly of management fees due but not paid, and bank balances. The Position Risk Requirement arising on the Company's foreign currency exposures, excluding assets attributable to its AIFs, constitutes the Company's Market Risk Requirement.

CRD Pillar 2 capital requirement is calculated by the Company as representing any additional capital to be maintained against any risks identified during the ICAAP which are not adequately covered under the requirement in Pillar 1 as part of its ICAAP. Based on its ICAAP, it is the Company's opinion that no additional capital is required in excess of its Pillar 1 capital requirement.

The Company is also subject to the AIFMD capital requirements consisting of the aggregate of initial capital of Euro 125,000 plus 0.02% of the value of the portfolios of the AIFs it manages in excess of Euro 250 million, subject to a cap of Euro 10 million, and capital to cover exclusions in the professional indemnity insurance. The Company must also hold sufficient liquid assets or assets readily convertible to cash in the short term to cover its AIFMD capital requirement.

As at the 31 October 2021 the Company's combined regulatory capital position is:

Capital item	**£000**
Tier 1 Capital: Share Capital and Audited Reserves	18,375
Total capital requirements	2,262

III. MANAGEMENT OF THE ICAAP

The approach of the Company to evaluating the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to the Company and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital, as relevant.

The Company's ICAAP is formally reviewed by the Directors of the Company annually or in the event of any material change to the Company's business or risk profile.

IV. THE REMUNERATION CODE

The aim of the BIPRU Remuneration Code (the "Code") is to ensure that firms have risk focussed remuneration policies which promote and are consistent with effective risk management, and do not expose firms to excessive risk.

Under the Code, the Company is classified as a Level 3 firm, the lowest risk category as the Company does not manage or trade proprietary positions. This means that the Company can dis-apply many of the technical requirements of the Code and proportionately apply the Code's rules and principles.

In accordance with BIPRU 11 (Pillar 3) the Company is required to disclose the Company's remuneration policy and practices, as well as aggregate quantitative disclosure for staff whose actions are deemed to have a material impact on the firm's risk, including senior management ("Code Staff").

The disclosure obligations applicable to remuneration subject to the Code ("Remuneration") includes all forms of fixed remuneration and variable remuneration but excludes dividends paid to such individuals as shareholders of the Company.

1. Remuneration Policies

The Company has established a Remuneration Policy which addresses potential conflicts of interest arising from remuneration arrangements by taking into account the controls in place to guard against the Company's authorised persons being rewarded for taking inappropriate levels of risk. The Company is satisfied that the policies in place are appropriate to its size, internal organization and the nature, scope and complexity of its activities.

2. The Decision Making Process

The majority shareholder of the Company determines remuneration arrangements and individual awards. The Board of Directors provides oversight of the overall remuneration arrangements to ensure that they are consistent with the Company's level of tolerated risk.

3. Code Staff and Senior Management

During its financial year ending 31 October 2021, the Company had eight Code Staff.

One member of Code Staff was an external Director receiving no Remuneration as their firm is engaged to provide outsourced services to the Company. The remaining Code Staff, who are employees and in receipt of Remuneration, totalled seven. Senior Management comprises the Company's two Directors holding office during the financial year.

4. Link between Pay and Performance

Remuneration is based on an assessment of the profitability of the Company, an individual's performance and contribution to the overall business of the Company.

In addition to a fixed salary, the Company's Code Staff who are employees are eligible to receive a discretionary bonus as determined by the Directors. Code Staff are also equity shareholders in the Company and their shares all rank pari passu in terms of rights to dividends. This ownership structure ensures that the long term interests of such Code Staff is aligned with the overall profitability of the Company and is not tied to individual financial metrics or the performance of any single client portfolio. Due to the size, nature and complexity of the Company's business, including operating a single investment strategy and the fact that it does not charge any performance fees to its clients, relevant Code Staff do not earn variable Remuneration attributable to any single client.

4. Quantitative Remuneration Data

For the Company's financial year ended 31 October 2021 Code Staff received fixed Remuneration of £1,052,634 and variable Remuneration of £17,284,780, totalling £18,337,414. £190,000 of the fixed Remuneration and none of the variable Remuneration was paid to Senior Management.