

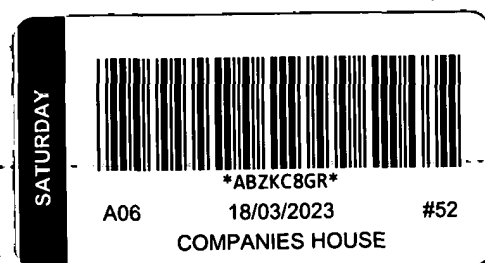
Saracen Fund Managers Limited

Report of the Directors and

Financial Statements

for the year

ended 30 September 2022



Saracen Fund Managers Limited

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Saracen Fund Managers Limited
Company Information
for the Year ended 30 September 2022

DIRECTORS:

G H Campbell
J G Matheson
J C Keir
P A McKellar
G J Collins

REGISTERED OFFICE:

2nd Floor
19 Rutland Square
Edinburgh
EH1 2BB

REGISTERED NUMBER:

SC180545 (Scotland)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT
United Kingdom

BANKERS:

Bank of Scotland
167-201 Argyle Street
Glasgow
G2 8BU

Saracen Fund Managers Limited

Report of the Directors for the Year ended 30 September 2022

The directors present their report with the audited financial statements of the company for the year ended 30 September 2022.

PRINCIPAL ACTIVITY

The principal activity of Saracen Fund Managers Limited ("the company") is investment management.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The year to 30 September 2022 recorded a loss as a result of around £60,000 of unusually large costs relating to regulatory permissions, advice and attending the New Model Adviser Conference. Global markets were unhelpful, with most indices declining over the period and investors, particularly in the UK being heavy net sellers of funds. The business maintained a significant financial surplus above regulatory capital.

The focus over the period, in addition to fund performance was integrating with River and Mercantile ("R&M"), which our parent company, AssetCo plc, had acquired in June 2022. There was closer collaboration on research with parties jointly attending research meetings and with the R&M sales team. This has been an historic weakness for Saracen and we are delighted with the quality and knowledge of the team. We met many new and influential wealth managers and we are hopeful that we can build on these relationships in the years ahead.

Equity markets were unusually volatile with many changes in direction after a period of relative stability that accompanied Quantitative Easing by Central Banks. The most unexpected occurrence was the Russian invasion of Ukraine. While personal tragedies and tragic loss of life rightly dominate sentiment to this event, in this report I have narrowly focussed on the impacts on financial markets.

The immediate impact of the war and sanctions imposed on Russia resulted in a sharp rise in energy prices, which spread to many other raw material costs and quickly to higher inflation across the world. Central Banks responded by rising interest rates and running down their bond purchasing programmes. The impact, rather than an anomaly, has been the return to Central Banks allowing markets to again price bonds against future inflation expectations.

Nevertheless, this change was problematic for markets. It led to the re-pricing of bonds and many long-duration 'growth' equities and a spike in commodity shares, especially in oil producing and gas companies. The rise in interest rates was also better news for banks, as net interest margins expanded. From a global perspective, this was less problematic as individual businesses are small in a global index, but in the UK, oil majors and banks are significant components of the indices, due to our 'value' bias and underweight position in these large sectors. As a result, the Alpha fund significantly under-performed, due to our 'value' bias and underweight position in these large sectors.

In contrast, TB Saracen Global Income & Growth benefited from the underweight position in what we regard as expensive 'growth' shares, 20% position in financials and a recovery in more 'value' orientated shares. We remain wary of many of these generic categorisations: we aim to always invest for growth, but at an attractive price. The improvement in performance, combined with the assistance of the River & Mercantile sales team boosted inflows to the fund over the period.

Equity markets are effective discounting mechanisms. For the reasons described above, 2023 will be a tough year, but possibly 2024 will offer brighter prospects which at some stage will be discounted in share prices. Both inflation and interest rates are at, or near peak levels. History suggests that it takes time to squeeze inflation out of the system and rates will therefore remain higher for longer.

Saracen Fund Managers Limited

Report of the Directors for the Year ended 30 September 2022

We are entering this recession with healthy consumer savings, strong financial institutions and low levels of unemployment. All of these will deteriorate, but we are starting from a position of strength that should both reduce the depth and length of the slowdown. It is always darkest before the dawn. We expect to see more rays of sunshine as we work through 2023. Share valuations remain selectively attractive and we expect to continue with our positions in financials and industrial cyclical businesses: many of which have changed for the better since the previous downturn. If we are correct in our assumptions, our funds should be well placed to outperform.

There were no significant changes to Saracen employees over the period.

In January 2023 we completed the move from Rutland Square to join SVM Asset Management Limited ("SVM"), in their Castle Street office. SVM is another business which AssetCo plc has added to the growing stable of investment management businesses; the acquisition was completed at the end of October 2022. Working alongside SVM will create benefits and synergies and we look forward with optimism to further integration and working with the broader River and Mercantile team.

DIVIDENDS

No dividends will be distributed for the period ended 30 September 2022.

DIRECTORS

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

G H Campbell
J G Matheson
J C Keir
P A McKellar

Other changes in directors holding office are as follows:

M J Gilbert - resigned 27 April 2022
G J Collins - appointed 27 April 2022

ENGAGEMENT WITH EMPLOYEES, SUPPLIERS, CUSTOMERS AND OTHERS

The Board works to attract, develop and retain talent for the long-term. All colleagues are shareholders in Saracen Fund Managers and invest in our funds. Our people have a crucial role in delivering against our strategy and creating value.

Investment management services are fundamental to the long term success of the Company through the pursuit of the investment objectives of the individual funds. The Board regularly monitors the company's investment performance in relation to its objective and also to its investment policy and strategy.

Saracen Fund Managers Limited

Report of the Directors for the Year ended 30 September 2022

Managers seek to maintain constructive relationships with the investors in our funds, typically through regular communications, provision of relevant information including monthly factsheets and detailed quarterly commentaries and update meetings. AssetCo plc, the parent company of Saracen, prepares group accounts in which Saracen is consolidated and these accounts are available to investors from AssetCo's web site at www.assetco.com.

The Board is committed to maintaining and demonstrating high standards of corporate governance in relation to the Company's business conduct. The Board also expects good standards at the companies within which the Company is invested. In this regard, it is satisfied that the Managers consistently and proactively engage with investee companies on environmental, social and governance matters, where these are material to the investment case and therefore to the long term success of the Company. Investments are not excluded from the portfolio based on these matters alone as a broader range of factors is used for evaluation. Where environmental, social and governance matters impinge upon the investment case, the Managers engage with investee companies to encourage the issues to be addressed. The Managers are well placed to undertake this activity, which has always been a fully integrated element of their investment process.

At every board meeting the directors review the progress against strategic priorities and discusses future plans for the business. The Board are in full agreement that number one strategic priority is to exceed our investor expectations in both investment returns and client servicing. The Board believes that consistent deliver of over the long-term is the best way of growing assets under management and therefore, ensuring the long-term success of Saracen Fund Managers.

GOING CONCERN

The year to 30 September 2022 has been loss making but as explained in the Review of Business above this is largely down to significant regulatory costs amounting to £60,000 which we do not expect to recur. Our engagement with the sales force and other investment professionals at AssetCo's recently acquired subsidiary, River and Mercantile gives us significant optimism about future income growth. Our current projections for the 12 months from the date of the accounts being signed show a return to profit and strong cashflow. Accordingly we believe it is appropriate to report on a going concern basis.

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:

Saracen Fund Managers Limited

Report of the Directors for the Year ended 30 September 2022

- 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.

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

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.

Saracen Fund Managers Limited

**Report of the Directors
for the Year ended 30 September 2022**


INDEPENDENT AUDITORS

Since 30 July 2021 the company has been owned by AssetCo plc. In accordance with AssetCo group policy the company was required to change its auditor to the same one as used throughout the group at the earliest practical opportunity. Accordingly on 30 August 2022 the previous independent auditor, Whitelaw Wells, ceased to be auditor of the company and was replaced by PricewaterhouseCoopers LLP. Whitelaw Wells confirmed to the company that there were no circumstances related to their ceasing to hold office that should be brought to the attention of members or creditors.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'G H Campbell', is written over the 'ON BEHALF OF THE BOARD:' text.

G H Campbell - Director

24 January 2023

Independent auditors' report to the members of Saracen Fund Managers Limited

Report on the audit of the financial statements

Opinion

In our opinion, Saracen Fund Managers Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss 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 Statement of Financial Position as at 30 September 2022; 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.

Independent auditors' report to the members of Saracen Fund Managers 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 30 September 2022 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, 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.

Independent auditors' report to the members of Saracen Fund Managers Limited

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 breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 the posting of inappropriate journal entries to increase the revenue of the company. Audit procedures performed by the engagement team included:

- Discussions with management, and review of relevant directors' meeting minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding management's internal controls designed to prevent and detect irregularities;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Identifying and testing journal entries, with a focus on journals indicating unusual transactions based on our understanding of the business, and;
- Designing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing.

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.

Independent auditors' report to the members of Saracen Fund Managers 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.



Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 January 2023

Saracen Fund Managers Limited

**Statement of Comprehensive Income
for the Year ended 30 September 2022**

		12 months to 30.9.22 £	6 months to 30.9.21 £
	Note		
REVENUE	4	830,580	439,685
Administrative expenses		<u>(876,762)</u>	<u>(288,436)</u>
		(46,182)	151,249
Other operating income		<u>—</u>	<u>3,667</u>
OPERATING (LOSS)/PROFIT		(46,182)	154,916
Finance income		419	86
Finance costs		<u>(1,497)</u>	<u>(3,314)</u>
(LOSS)/PROFIT BEFORE TAXATION		<u>(47,260)</u>	<u>151,688</u>
Tax on (loss)/profit	8	<u>—</u>	<u>(26,314)</u>
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE FINANCIAL PERIOD		<u>(47,260)</u>	<u>125,374</u>

The notes form part of these financial statements.

Statement of Financial Position
As at 30th September 2022

	Note	2022	2021*
FIXED ASSETS			
Property, plant and equipment	9	3,248	3,268
Right-of-use asset	10	6,313	31,564
CURRENT ASSETS			
Trade and other receivables	11	111,836	98,539
Financial assets held at amortised cost		86,824	86,223
Cash and cash equivalents		338,371	365,802
TOTAL ASSETS		<u>546,592</u>	<u>585,396</u>
CREDITORS			
Amounts falling due within one year	12	111,183	88,782
NET CURRENT ASSETS		<u>425,848</u>	<u>461,782</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>435,409</u>	<u>496,614</u>
CREDITORS			
Amounts falling due after one year	12	-	13,943
Provision for liabilities	13	-	2
NET ASSETS		<u>435,409</u>	<u>482,669</u>
EQUITY			
Ordinary shares		2,050	2,050
Share premium		512,138	512,138
Capital redemption reserve		15,099	15,099
Retained earnings		(93,878)	(46,618)
TOTAL SHAREHOLDERS' FUNDS		<u>435,409</u>	<u>482,669</u>

The financial statements on pages 11 to 13 and notes on page 14 to 22 were approved by the Board of Directors and authorised for issue on 24 January 2023 and were signed on its behalf by:


G H Campbell – Director

*Details of the restatement are set out in Note 3

The notes form part of these financial statements.

Saracen Fund Managers Limited

**Statement of Changes in Equity
for the Year ended 30 September 2022**

	Ordinary share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2021	2,050	(171,992)	512,138	15,099	357,295
Changes in equity					
Total comprehensive income	-	125,374	-	-	125,374
Balance at 30 September 2021	<u>2,050</u>	<u>(46,618)</u>	<u>512,138</u>	<u>15,099</u>	<u>482,669</u>
Changes in equity					
Total comprehensive loss	-	(47,260)	-	-	(47,260)
Balance at 30 September 2022	<u>2,050</u>	<u>(93,878)</u>	<u>512,138</u>	<u>15,099</u>	<u>435,409</u>

The notes form part of these financial statements.

Saracen Fund Managers Limited

Notes to the Financial Statements for the Year ended 30 September 2022

1. STATUTORY INFORMATION

Saracen Fund Managers Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the company Information page.

2. ACCOUNTING POLICIES

General information and basis of accounting

Saracen Fund Managers Limited ("the company") is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1 and the company is domiciled in the UK. The nature of the company's operations and its principal activities are set out in the directors' report on page 2. Accounting policies have been applied consistently except where new policies have been adopted.

Transition to FRS 101

This is the first year that the company has presented its results under FRS 101. The last financial statements prepared under FRS 102 (previous basis of accounting) were for the period ended 30 September 2021 which was a short period of 6 months as the company brought its financial year end into line with its new parent company, AssetCo plc. The date of transition to FRS 101 was 1 October 2021. The only change brought about by the transition from FRS 102 to FRS 101 is that it has required the capitalisation of the lease on the company's property on the balance sheet as at 30 September 2021.

The financial statements of Saracen Fund Managers Limited have been prepared in accordance with the Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention and in accordance with Companies Act 2006. The company has taken advantage of the exemptions for Small Companies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7 'Statement of cash flows'
- IFRS 7 'Financial instruments: Disclosures'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Revenue

Revenue represents amounts receivable from third parties from investment management services and is stated net of VAT as the services are provided. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Saracen Fund Managers Limited

Notes to the Financial Statements for the Year ended 30 September 2022

Property, plant and equipment

Tangible fixed asset are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write the costs less estimated residual value of fixed assets by equal annual instalments over their estimated useful lives which are considered to be:

- Computer equipment - 3 years
- Fixture & fittings - 3 years

Financial instruments

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

All financial liabilities are initially measured at transaction price (less transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business.

Financial assets held at amortised cost

Financial assets held at amortised cost include cash held on deposit with original maturities of greater than three months.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

Share capital

Ordinary shares are classified as equity.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

**Notes to the Financial Statements - continued
for the Year ended 30 September 2022**

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. There are no critical accounting estimates or judgements which need to be reflected.

2. ACCOUNTING POLICIES - continued

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that results 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 Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of the assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Leases

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the Financial Statements - continued
for the Year ended 30 September 2022

2. ACCOUNTING POLICIES - continued

Going concern

The directors have prepared financial projections and the forecasts demonstrate that the directors have a reasonable expectation the company has adequate financial resources to continue for a period of at least 12 months from the date of signing of the financial statements. Therefore the directors continue to adopt the going concern basis of accounting in the preparation of the company accounts.

Employee benefits

The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3. RESTATEMENT

The company has restated its previously reported assets as at 30 September 2021, to correctly present cash held in a short-term deposit account as financial assets held at amortised cost as opposed to cash and cash equivalents.

4. REVENUE

Revenue arises from the company's only activity, investment management and all revenue originates in the UK.

5. EMPLOYEES AND DIRECTORS

	12 months 30.9.22	6 months 30.9.21
	£	£
Wages and salaries	472,647	169,265
Social security costs	56,062	20,668
Other pension costs	<u>4,122</u>	<u>5,159</u>
	<u>532,831</u>	<u>195,092</u>

The monthly average number of employees during the period was as follows:

12 months 30.9.22	6 months 30.9.21
No.	No.
8	6

Saracen Fund Managers Limited

**Notes to the Financial Statements - continued
for the Year ended 30 September 2022**

6. DIRECTORS' EMOLUMENTS

	12 months 30.9.22	6 months 30.9.21
	£	£
Directors' remuneration	<u>179,250</u>	<u>71,250</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>-</u>
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7. OPERATING (LOSS)/PROFIT

The operating loss (2021 - operating profit) is stated after charging:

	12 months 30.9.22	6 months 30.9.21
	£	£
Expenses relating to short-term and low value leases	3,667	1,833
Depreciation - owned assets	1,220	192
Auditors' remuneration	45,000	5,280
Auditors' remuneration – CASS audit	10,000	-
Auditors' remuneration - Tax compliance services	-	600
Other non-audit services	-	780
Directors' remuneration	<u>179,250</u>	<u>71,250</u>

As previously stated the company has changed its auditor for the 2022 financial year and the amounts in prior year in respect of tax compliance and non-audit services related to the previous auditor.

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the (loss)/profit for the period was as follows:

	12 months 30.9.22	6 months 30.9.21
	£	£
Current tax:		
UK corporation tax	2	16
Deferred tax	<u>(2)</u>	<u>26,298</u>
Tax on (loss)/ profit	<u>-</u>	<u>26,314</u>

UK corporation tax has been charged at 19% (2021 - 19%).

Saracen Fund Managers Limited

**Notes to the Financial Statements - continued
for the Year ended 30 September 2022**

8. TAXATION - continued

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

No deferred tax asset has been recognised in respect of tax losses available. The unrecognised deferred tax asset in respect of these losses is £15,000.

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the period is different (2021: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	12 months 30.9.22 £	6 months 30.9.21 £
(Loss)/profit before tax	<u>(47,260)</u>	<u>151,688</u>
(Loss)/profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(8,979)	28,820
Effects of:		
Expenses not deductible for tax purposes	545	46
Depreciation in excess of capital allowances	4	-
Other timing differences	(2,898)	(2,552)
Unutilised losses	<u>11,328</u>	<u>-</u>
Total tax (credit)/charge	<u>-</u>	<u>26,314</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 October 2021	8,361	23,244	31,605
Additions	<u>-</u>	<u>1,200</u>	<u>1,200</u>
At 30 September 2022	<u>8,361</u>	<u>24,444</u>	<u>32,805</u>
ACCUMULATED DEPRECIATION			
At 1 October 2021	8,361	19,976	28,337
Charge for period	<u>-</u>	<u>1,220</u>	<u>1,220</u>
At 30 September 2022	<u>8,361</u>	<u>21,196</u>	<u>29,557</u>
NET BOOK VALUE			
At 30 September 2022	<u>-</u>	<u>3,248</u>	<u>3,248</u>
At 30 September 2021	<u>-</u>	<u>3,268</u>	<u>3,268</u>

Saracen Fund Managers Limited

**Notes to the Financial Statements - continued
for the Year ended 30 September 2022**

10. LEASES

The company has a lease contract for its office. The amounts recognised in the financial statements in relation to the lease is as follows:

Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2022 £	2021 £
Right-of-use assets		
Buildings	6,313	31,564
Lease liabilities		
Current	13,943	40,503
Non-current	-	13,943
Total	<u>13,943</u>	<u>54,446</u>

There were no additions to right-of-use assets in the financial year (2021: £nil).

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022 £	2021 £
Depreciation charge of right-of-use assets		
Buildings	25,251	25,251
Interest expense (included in finance cost)	1,497	3,314

The total cash outflow for leases was £42,000 (2021: £42,000).

11. TRADE AND OTHER RECEIVABLES

	2022 £	2021 £
Trade receivables	68,841	70,332
Tax	1,108	2,600
Other receivables	7,537	-
Prepayments and accrued income	<u>34,350</u>	<u>25,607</u>
	<u>111,836</u>	<u>98,539</u>

Other receivables is an amount due from a director. It was repaid in full in October 2022.

Saracen Fund Managers Limited

**Notes to the Financial Statements - continued
for the Year ended 30 September 2022**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Taxation and social security	20,186	16,883
Other creditors	77,054	31,396
Lease liability	<u>13,943</u>	<u>40,503</u>
	<u>111,183</u>	<u>88,782</u>

CREDITORS: AMOUNTS FALLING DUE OUTSIDE ONE YEAR

	2022	2021
	£	£
Lease liability	-	13,943
	<u>-</u>	<u>13,943</u>

13. PROVISIONS FOR LIABILITIES

	Deferred tax £
Balance at 1 October 2021	2
Credit to Statement of Comprehensive Income during period	<u>(2)</u>
Balance at 30 September 2022	<u>-</u>

Saracen Fund Managers Limited

**Notes to the Financial Statements - continued
for the Year ended 30 September 2022**

14. ORDINARY SHARES

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
20,504	Ordinary	0.1	<u>2,050</u>	<u>2,050</u>

The Company has one class of shares which carry no right to fixed income.

15. RESERVES

	Retained earnings £	Share premium £	Capital redemption reserve £	Total
At 1 October 2021	(46,618)	512,138	15,099	480,61
Loss for the period	(47,260)	-	-	(47,260)
At 30 September 2022	<u>(93,878)</u>	<u>512,138</u>	<u>15,099</u>	<u>433,35</u>

The Company's reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The retained earnings represent cumulative profit or losses, net of dividends and other adjustments.

The capital redemption reserve represents the redemption of the purchase of the company's own shares.

16. ULTIMATE PARENT COMPANY

AssetCo plc is regarded by the directors as being the Company's immediate and ultimate parent company. AssetCo plc is also the smallest and largest group to consolidate these financial statements. Copies of the AssetCo plc financial statements can be obtained from the Company Secretary at 30 Coleman Street, London, EC2R 5AL.

17. RELATED PARTY TRANSACTIONS

The total remuneration for key management personnel for the period totalled £469,000 (2021: £215,833).