GuardCap Asset Management Limited

Registered Number: 04667528

Annual Report and Financial Statements
for the year ended 31 December 2022

Contents

Corporate information

Registered Number
04667528

Directors
G Mavroudis (Chairman)
S A R Bates

Secretary
A Koshutova

Independent Auditor
KPMG LLP
15 Canada Square
London E14 5GL

Bankers
C Hoare & Co.
37 Fleet Street
London EC4P 4DQ

Solicitors
Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF

Registered Office
11 Charles II Street
London SW1Y 4NS

Directors' report

The directors present their report on the affairs of GuardCap Asset Management Limited (the "Company") for the year ended 31 December 2022.

Directors

The directors who served during the year and up to the date of this report are shown on page 2.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Company meets its working capital requirements from the provision of fund management and advisory services. The Company made a profit after tax of £10,733,196 during the year ended 31 December 2022 and was in a net current assets position at the year end. The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides including losing a significant client plus a 25% reduction in other fees income, the Company will continue to have sufficient funds, to meet its liabilities as they fall due for that period.

The directors do not anticipate any future financing requirement to cover liabilities. Furthermore, the Company has investments of £40,421,385 which are traded in an active market and, although classified as non-current assets, the directors consider they can be liquidated at any time if needed to meet liabilities.

Consequently, the directors are confident the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dividend

Dividends of £15,644,158 were paid during the year (2021 - £11,581,588). The directors do not recommend the payment of a year-end dividend (2021 - £Nil).

Other Information

A review of the business and an indication of likely future events have been included in the Strategic Report on pages 5 to 8.

Audit information

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditor in connection with preparing its report, of which the Auditor is unaware. Having made enquiries of fellow directors each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

Directors' report

Auditor

KPMG LLP will continue as Auditor in accordance with section 487(2) of the Companies Act 2006.

For and on behalf of the board

S A R Bates
Director
23 February 2023

Strategic report

Activities and future developments
The principal activity of the Company is the provision of fund management and advisory services. The Company intends to continue with these activities.

The performance of the Company is reflected in the profit and loss account and other comprehensive income on page 15. Notwithstanding the losses on investments, the directors consider the operating result for the year to be encouraging. The directors do not envisage any material changes to the key activities of the business in the foreseeable future. Prior to 2022, the business went through a phase of rapid expansion. 2022 was characterised by falling markets and the rate of acquisition of new clients slowed substantially as investors reduced risk in portfolios, but despite this, flows into our open-ended funds were neutral and we had both gains and losses in our institutional business. Looking ahead, markets face a number of headwinds, but conditions are more propitious than a year ago, and given excellent performance, our strategy is well positioned to attract new investors.

Review of the business
The business has been stable during 2022 in terms of net flows from clients, but market declines have had a negative impact on assets under management and the value of investments held by the Company. This is reflected by:

- assets under management falling from USD 14.40 billion (about £10.63 billion) at the end of last year to USD 11.71 billion (about £9.74 billion) this year.
- turnover is £41.3 million this year compared with £36.6 million last year.
- losses on investments held at fair value through profit and loss of £4.7 million this year compared with gains of £0.7 million last year
- operating profit this year is £17.7 million compared with £16.1 million last year, and
- total net assets at the reporting date were £35.7 million compared with £40.6 million at the end of last year.

Based on our working practices during Covid, we have adopted hybrid working arrangements with employees working partly in the office and partly from home. These arrangements are kept under regular review. During Covid it was rarely possible to visit clients and prospects other than virtually, but in-person visits have gradually been reintroduced this year, and client visits to all parts of the world have taken place.

Financial support from our parent in Canada is not required but we are reliant on resources provided from Toronto for a variety of functional areas.

Taken as a whole, 2022 was a very satisfactory year, particularly in the light of market declines. We are reasonably optimistic for the year ahead, although conscious that markets remain volatile and economic indicators point to a weak global economy.

Capital
The directors believe the Company has a strong capital position and that there is an adequate capital buffer over and above the regulatory capital requirement.

Strategic report

Principal risks and uncertainties

The Company is exposed, through its operations, to the following financial and non-financial risks:

Funds under management

The funds under management are subject to redemption by investors and fluctuations in performance. While the Company continues to market its funds there is no guarantee that subscriptions will exceed redemptions. This risk is mitigated by the diversity of the Company's clients and portfolios.

Key personnel

The Company has a small staff making it important to reward and retain key employees and this is supported by the Company's longer-term remuneration policies and benefits packages.

Regulation

The Company is authorised and regulated by the Financial Conduct Authority. The Company would have to cease trading as an investment manager if its authority to conduct investment business were to be revoked. The Company is a Registered Investment Adviser with the SEC in the United States. SEC registration does not constitute an endorsement of the firm by the Commission, nor does it indicate that the adviser has attained a particular level of skill or ability. If the Company were not registered with the SEC, it would be unable to operate as an investment manager in the United States. These risks are mitigated by the firm's limited activities and the quality and experience of its staff.

Having left the EU, measures have been taken to ensure that we are able to continue servicing clients in the EU. The directors are keeping current arrangements under review in case it becomes necessary to open a MiFID compliant business in an EU jurisdiction.

Market risk

The Company's principal exposure to market risk is through its holdings of Collective Investments in Transferable Securities. In addition, there is an indirect exposure to financial markets because the Company's investment management fee income is calculated based on the value of funds under management. This risk is mitigated by our investment strategies which typically demonstrate risk characteristics that are lower than the market but nonetheless we are still exposed to market volatility.

Credit risk

The Company is exposed to credit risk in respect of balances held by the Company's bankers and to fund custodians and distributors for unpaid management fees. This risk is mitigated by the fact that all cash is held in UK - regulated financial institutions and most receivables arise from management fees due from regulated entities or institutional clients whom the directors consider to maintain a high standard of credit worthiness.

Interest rate risk

The Company has very limited exposure to interest rate risk as it has no debt and only relatively small amounts on interest-bearing deposits.

Strategic report

Liquidity risk
Liquidity risk arises from having insufficient cash resources to meet liabilities as they fall due. This risk is managed through the preparation of monthly cashflow forecasts. With strong positive inflows forecast for 2023, liquidity risk going forward is assessed to be low.

Currency exchange rate risk
The Company's investment strategies are largely invested in assets outside Sterling, and the fee revenue earned is therefore subject to the fluctuation of Sterling against these underlying currencies. The Company is also exposed to currency exchange rate risk in respect of non-Sterling cash balances and its fund management fee income which is earned in currencies other than Sterling. The Company manages these risks by monitoring foreign currency exposures and considering diversification or hedging as necessary, and by monitoring cash balances to ensure unnecessary foreign currency balances are kept to a minimum.

Operational risk
Operational risk is the risk of losses caused by failed or flawed processes, systems, controls, etc. To guard against these risks the company has implemented controls to reduce the risk of material error and where processes or services are provided by third parties by careful selection of suppliers and monitoring their subsequent performance.

Section 172(1) Statement
The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its member as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

The Directors also took into account the views and interests of a wider set of stakeholders, including regulators.

This section forms our Section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

The Board recognizes that building strong and lasting relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate a sustainable business.

As a business, we have built a strong culture and it is critical that this is maintained so as to ensure that our reputation with respect to these stakeholders remains excellent. Below, we set out how we relate to each of these stakeholders.

Strategic report

Clients
Our clients are at the core of our business. We aim to treat them with integrity and respect. We adhere fully to our investment process, avoid unnecessary transactions and behave fairly towards all clients. We believe that our clients' best interests are served by the careful management of our capacity, and as such, we may restrict new flows of assets into our business. We communicate with them in any format requested, acknowledging recent difficulties with face-to-face meetings and international travel. We are able to provide detailed information on client portfolios in a timely and accurate manner.

Employees
Without employees we have nothing to offer our clients. We deal with our employees in the same way we treat our clients – with integrity and respect. We encourage and can demonstrate a diverse workforce which we believe is in the best interests of the clients and helps to make the Company a rewarding place to work. We aim to treat all employees fairly and have policies in place to deal with complaints or whistleblowing. When we recruit a new employee, the process is lengthy and a new hire will usually have met the majority of future colleagues. In this way, we aim to bring in people who fit with our culture and who share our values. The approach has led to very low staff turnover.

Suppliers
Our values extend to all 'stakeholders' including suppliers, which in our case includes our parent company. We settle our accounts promptly and deal with suppliers in an open and transparent manner.

Society at large
We are signatories to UNPRI and to another organisation which helps us to calculate our lifetime carbon emissions and to follow a programme to offset these. We avoid unnecessary travel and plan to reduce our carbon footprint in the years ahead. We are also committed to a diverse workplace both by gender and ethnicity.

Shareholder
We have one shareholder (our parent) and provide it with all the information it requires, for example with financial data. We are transparent and responsible.

Regulators
The regulators in our business are a key stakeholder and it is essential that we behave responsibly in our dealings with them. We are careful to be open and transparent with them and ensure that we report accurately and on time.

Strategic report

Greenhouse Gas Emissions and Energy consumption

GuardCap's business and emissions
GuardCap's principal activity is the provision of fund management and advisory services, and its primary sources of Greenhouse Gas Emissions ("GHG") are electricity use and employee travel.

Energy efficiency actions taken during the year
The working from home practices introduced during the Covid-19 pandemic have led to the adoption of hybrid working arrangements resulting in reduced commuting by employees. During the pandemic it was rarely possible to commute into the office or visit clients and prospects other than virtually. During 2022 there has been an increase in office time and in-person visits have gradually been reintroduced, increasing the total energy consumption compared to 2021. Nonetheless we are focussing on reducing the overall level of international travel.

GuardCap has committed to fully remove its lifetime carbon balance ("LCB") – the total greenhouse gas emissions from its operations since the company's inception – by 31 December 2023. GuardCap aims to achieve this through annual contributions to external, nature-based projects, which remove carbon from the atmosphere.

Reporting methodology
The table below shows the Streamlined Energy and Carbon Reporting (SECR) disclosure data for GuardCap Asset Management Limited. It shows UK greenhouse gas emissions and energy use data for the year to 31 December 2022 compared with the same data for the year to 31 December 2021.

UK Greenhouse gas emissions and energy use data	**2022**	**2021**
Energy consumption used to calculate emissions (kWh)	49,252.87	43,697.75
Energy consumption breakdown (kWh):		
Gas	9,507.87	3,952.75
Electricity	39,745.00	39,745.00*
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	1.74	0.72
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	7.69	7.69
Total gross emissions in metric tonnes CO2e	9.43	8.41
Intensity ratio Tonnes CO2e per full-time employee	0.39	0.35

* Actual not available, estimated based on verifiable data from 2022

For and on behalf of the board

S A R Bates
Director
23 February 2023

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of GuardCap Asset Management Limited

Opinion
We have audited the financial statements of GuardCap Asset Management Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent auditor's report to the members of GuardCap Asset Management Limited (continued)

Fraud and breaches of laws and regulations – ability to detect
Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post-closing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits

Independent auditor's report to the members of GuardCap Asset Management Limited (continued)

legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection, anti-money laundering, market abuse regulations and financial services regulations including Client Assets and specific areas of regulatory capital and liquidity and certain aspects of Company legislation and financial services legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of GuardCap Asset Management Limited (continued)

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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.

Carla Cassidy

Carla Cassidy (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
27 February 2022

Profit and loss account and other comprehensive income
for the year ended 31 December 2022

	Notes	***2022***	*2021*
		£	*£*
Turnover	2	**41,265,391**	36,612,705
Administrative expenses		**(23,564,363)**	(20,500,391)
Operating profit	3	**17,701,028**	16,112,314
(Losses)/gains on investments held at fair value through profit and loss	8	**(4,740,738)**	749,679
Interest receivable	5	**375**	356
Interest payable	5	**(45,801)**	(55,120)
Profit before tax		**12,914,864**	16,807,229
Tax on profit	6	**(2,181,668)**	(3,146,422)
Profit and total comprehensive income for the year		**10,733,196**	13,660,807

The notes on pages 19 to 33 form part of the financial statements.

Balance sheet
at 31 December 2022

	Notes	***2022***	2021
		£	*£*
Fixed assets			
Tangible fixed assets	7	**502,761**	615,676
Investments	8	**40,421,385**	45,654,330
		40,924,146	46,270,006
Current assets			
Debtors	9	**15,545,684**	11,782,904
Cash and cash equivalents	10	**10,255,081**	5,481,655
		25,800,765	17,264,559
Current liabilities			
Creditors: amounts falling due within one year	11	**(15,906,860)**	(12,155,456)
Net current assets		**9,893,905**	5,109,103
Creditors: amounts falling due after more than one year	12	**(15,164,892)**	(10,814,988)
Total net assets		**35,653,159**	40,564,121
Capital and reserves			
Share capital	13	**12,191,145**	12,191,145
Profit and loss account		**23,462,014**	28,372,976
		35,653,159	40,564,121

The notes on pages 19 to 33 form part of the financial statements.

The financial statements on pages 15 to 33 were approved and authorised for issue by the Directors on 23 February 2023

S A R Bates
Director

Registered Number
04667528

Statement of changes in equity
for the year ended 31 December 2022

	Called up share capital	*Profit & loss account*	*Total equity*
	£	*£*	*£*
At 1 January 2021	12,191,145	26,293,757	38,484,902
Total comprehensive income for the year	–	13,660,807	13,660,807
Dividends paid	–	(11,581,588)	(11,581,588)
At 31 December 2021	12,191,145	28,372,976	40,564,121
Total comprehensive income for the year	–	10,733,196	10,733,196
Dividends paid	–	(15,644,158)	(15,644,158)
At 31 December 2022	12,191,145	23,462,014	35,653,159

The notes on pages 19 to 33 form part of the financial statements.

Statement of cash flows
for the year ended 31 December 2022

	2022	2021
	£	£
Cash flows from operating activities		
Profit after tax	**10,733,196**	13,660,807
(Losses)/gains on investments held at fair value through profit and loss	**4,740,738**	(749,679)
Interest receivable	**(375)**	(356)
Interest payable	**45,801**	55,120
Foreign exchange (gains)/losses	**(639,245)**	63,209
Dividends receivable reinvested	**(69,080)**	–
Tax on profit	**2,181,668**	3,146,422
Depreciation and amortisation of tangible fixed assets	**179,997**	158,445
Increase in debtors and prepayments	**(2,178,956)**	(6,594,577)
Increase in creditors and accruals	**4,458,923**	4,128,768
Increase in other long term liabilities	**4,519,013**	7,409,015
Taxation paid	**(4,642,120)**	(5,566,389)
Net cash flow from/(used) in operating activities	**19,329,560**	15,710,785
Cash flows from investing activities		
Payments to acquire tangible fixed assets	**(67,082)**	(13,873)
Interest received	**375**	356
Redemption of investments	**561,287**	1,455,298
Net cash flow from investing activities	**494,580**	1,441,781
Cash flows from financing activities		
Repayment of intercompany loan	**–**	(443,976)
Reduction in long term lease liabilities	**–**	(166,665)
Interest paid	**(45,801)**	(55,120)
Dividends paid	**(15,644,158)**	(11,581,588)
Net cash flow used in financing activities	**(15,689,959)**	(12,247,349)
Cash and cash equivalents and movements therein		
Increase in cash and cash equivalents	**4,134,181**	4,905,217
Cash and cash equivalents at beginning of year	**5,481,655**	639,647
Effect of exchange rate fluctuations on cash held	**639,245**	(63,209)
Cash and cash equivalents at end of year	**10,255,081**	5,481,655
Cash and cash equivalents at end of year comprise the following:		
Cash at bank	**10,255,081**	5,481,655
	10,255,081	5,481,655

The notes on pages 19 to 33 form part of the financial statements.

Notes to the financial statements

for the year ended 31 December 2022

1. Accounting policies

Statement of compliance

GuardCap Asset Management Limited ("the Company") is a private limited liability company incorporated in England. The Registered Office is 11 Charles II Street, London SW1Y 4NS.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are denominated in Sterling which is the functional and presentational currency of the Company and rounded to the nearest pound.

The Company's ultimate parent undertaking, Guardian Capital Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Guardian Capital Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.guardiancapital.com.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of preparation

These financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Company meets its working capital requirements from the provision of fund management and advisory services. The Company made a profit after tax of £10,733,196 during the year ended 31 December 2022 and was in a positive net current assets position at the year end.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides the Company will continue to have sufficient funds, to meet its liabilities as they fall due for that period.

The Company has investments of £40,421,385 which are traded in an active market and, although classified as non-current assets, the directors consider they can be liquidated at any time if needed to meet liabilities.

Consequently, the directors are confident the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

Foreign currency
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences arising from translation are recognised in the profit and loss account.

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are:
- Leasehold property – the term of the lease
- Office equipment - 3 to 5 years
- Furniture and fittings - from purchase until the end of the lease

Basic financial instruments
Trade and other debtors and creditors
Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. Any losses arising from impairment are recognised in the profit and loss account and other comprehensive income.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank.

Other financial instruments
Investments
Investments comprise investments in undertakings for collective investments in transferable securities which are measured at fair value. Changes in fair value are recognised in profit or loss.

Turnover
Turnover is management and advisory fees net of rebates recognised on an accrual basis and investment dividends recognised when declared.

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

Expenses

Pensions

Defined contributions made by the Company to the personal pension schemes of employees are charged to the profit and loss account as they accrue.

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Interest payable includes finance expense on lease liabilities recognised in profit and loss account.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Notes to the financial statements
for the year ended 31 December 2022

1. Accounting policies (continued)

Leases
At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Notes to the financial statements
for the year ended 31 December 2022

2. Turnover
Turnover represents fund management and advisory services provided during the year and arising from continuing activities. The analysis of turnover is:

	2022	*2021*
	£	*£*
By geography:		
Republic of Ireland	17,113,811	17,006,870
Canada	8,549,166	7,362,181
South Korea	8,299,512	7,294,576
Australia	2,928,309	2,031,229
United States of America	3,000,975	1,860,985
Cayman Islands	186,285	263,004
Denmark	924,438	503,370
Luxembourg	262,895	290,491
	41,265,391	36,612,705
By activity:		
Management fees	29,402,645	27,123,173
Advisory fees	11,793,666	9,489,532
Dividends received	69,080	–
	41,265,391	36,612,705

3. Expenses and auditor's remuneration
Included in profit are the following:

	2022	*2021*
	£	*£*
Auditor’s remuneration		
Audit of these financial statements	70,000	50,000
Audit related assurance services	25,000	15,950
Other services	–	18,750
Depreciation	26,101	141,872
Lease amortisation	153,896	136,366
Foreign exchange (gains)/losses	(639,245)	63,209

Notes to the financial statements

for the year ended 31 December 2022

4. Information regarding directors and employees

	2022	*2021*
	£	*£*
Directors' emoluments	916,250	640,000
The above does not include any amounts due under long term incentive schemes or amounts relating to pension contributions		
The highest paid director	916,250	640,000
The above does not include any amounts due under long term incentive schemes or amounts relating to pension contributions		
Employee costs		
Wages and salaries	17,579,081	14,842,925
Social security costs	2,444,546	2,085,248
Other pension costs	124,765	113,972
	20,148,392	17,042,145

	2022	*2021*
The average number of employees was		
Fund management	11	10
Client services	10	7
Administration	6	6
	27	23

5. Interest

	2022	*2021*
	£	*£*
Interest receivable		
Bank interest income	96	–
Other interest receivable	279	356
	375	356
Interest payable		
Lease interest	37,485	46,887
Other interest payable	8,316	8,233
	45,801	55,120

Notes to the financial statements

for the year ended 31 December 2022

6. Tax on profit

	2022	*2021*
	£	*£*
Total tax expense recognised in the profit and loss account and other comprehensive income and equity		
Current tax:		
- current year	4,220,167	5,295,230
- adjustments in respect of prior years	(29,120)	1
	4,191,047	5,295,231
Deferred tax		
- origination and reversal of timing differences	(1,765,129)	(2,148,809)
- adjustments in respect of prior years	28,694	–
- effect of change in tax rate	(272,944)	–
	(2,009,379)	(2,148,809)
Total charge for the year	2,181,668	3,146,422

Reconciliation of the current tax charge for the year

The difference between the tax assessed for the period and the standard rate of corporation tax is explained as follows:

	2022	2021
Profit on ordinary activities before taxation	12,914,864	16,807,229
Standard rate of corporation tax in the UK	19.00%	19.00%
Profit on ordinary activities multiplied by the standard rate of corporation tax	2,453,824	3,193,374
Expenses not deductible for tax purposes	1,214	783
Income taxed at different rates	–	(47,735)
Prior year adjustments	(426)	–
Effect of changes in tax rate	(272,944)	–
	2,181,668	3,146,422

Deferred tax in the balance sheet

	2022	2021
Included in debtors:		
Timing differences related to accruals and provisions	3,578,651	2,000,671
	3,578,651	2,000,671
Included in creditors		
Timing differences related to fixed assets depreciation	13,000	5,413
Unrealised gains taxed when realised	1,966,660	2,405,646
	1,979,660	2,411,059

Notes to the financial statements
for the year ended 31 December 2022

6. Tax on profit (continued)

	2022	*2021*
	£	*£*
Deferred tax in the balance sheet (continued)		
Balance sheet movements during the year		
Deferred tax net liability at 1 January	(410,388)	(2,559,196)
Adjustments in respect of prior years	(28,694)	–
Origination and reversal of timing differences	1,765,129	2,148,808
Effect of changes in tax rate	272,944	–
Deferred tax net liability at 31 December	1,598,991	(410,388)

Deferred taxes on the balance sheet have been measured at rates which represents the corporation tax rate expected to be applicable when the timing differences reverse.

In May 2021, the government substantively enacted an increase in the main rate of Corporation Tax to 25%, effective from 1 April 2023. This will have an impact on future tax charged and measurement of deferred tax assets and liabilities

7. Tangible fixed assets

	Office equipment, fixtures and fittings	***Leasehold property***	***Total***
	£	*£*	*£*
Cost at beginning of year	300,393	778,957	1,079,350
Additions at cost	58,667	8,415	67,082
Disposals	(64,646)	–	(64,646)
Cost at end of year	294,414	787,372	1,081,786
Depreciation at beginning of year	(267,384)	(196,290)	(463,674)
Depreciation and amortisation charge for the year	(28,811)	(151,186)	(179,997)
Disposals	64,646	–	64,646
Depreciation at end of year	(231,549)	(347,476)	(579,025)
Net book value at beginning of year	33,009	582,667	615,676
Net book value at end of year	62,865	439,896	502,761

Notes to the financial statements
for the year ended 31 December 2022

8. Investments

	2022	*2021*
	£	*£*
Investments held at fair value through profit and loss		
At beginning of year	45,654,330	46,359,949
Purchases at cost	69,080	7,334,765
Proceeds of disposals	(561,287)	(8,790,063)
Realised gains	53,918	4,657,647
Losses from fair value adjustments	(4,794,656)	(3,907,968)
At end of year	40,421,385	45,654,330

The Company is the investment manager and promoter of:

GuardCap UCITS Funds plc, an Undertaking for Collective Investment in Transferable Securities registered in the Republic of Ireland.

GuardCap Global Equity Fund, a managed investment scheme registered in the Commonwealth of Australia.

Financial instruments are analysed into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

All investments held are level 1 of the fair value hierarchy and the fair value adjustment has been calculated using an unadjusted quoted price for identical assets and liabilities in an active market.

The fair value of all investments equates to the carrying value. There were no transfers out of level 1 during the year or in the prior year.

Notes to the financial statements
for the year ended 31 December 2022

9. Debtors

	2022	*2021*
	£	*£*
Trade debtors	336	110
Amounts receivable from group companies	5,559,833	2,708,930
Amounts receivable from other related parties	1,431,734	1,711,187
Other debtors	12,802	(118,084)
Deferred contract costs	1,713,916	2,094,734
Prepayments and accrued income	3,242,568	3,385,356
Deferred tax (note 6)	3,578,651	2,000,671
Corporation tax	5,844	–
	15,545,684	11,782,904

10. Cash and cash equivalents

	2022	*2021*
	£	*£*
Cash at bank and in hand	10,255,081	5,481,655
	10,255,081	5,481,655

Cash at bank and in hand includes a balance of £80,000 (2021 - £nil) which is subject to an interest charge owed to the Company's bank.

11. Creditors: amounts falling due within one year

	2022	*2021*
	£	*£*
Trade creditors	35,157	17,530
Amounts payable to group companies	267,666	134,597
Other creditors	1,521,181	2,165,345
Lease liabilities	182,812	170,122
Accruals and deferred income	11,920,384	6,811,574
Deferred tax (note 6)	1,979,660	2,411,059
Corporation tax	–	445,229
	15,906,860	12,155,456

Notes to the financial statements

for the year ended 31 December 2022

12. Creditors: amounts falling due after more than one year

	2022	*2021*
	£	*£*
Lease liabilities	278,471	447,580
Other liabilities	14,886,421	10,367,408
	15,164,892	10,814,988

13. Share capital

	2022 Number	*2022 £*	*2021 Number*	*2021 £*
Allotted, called up and fully paid				
Ordinary Shares of £1 each	12,191,145	12,191,145	12,191,145	12,191,145

14. Dividends

	2022	*2021*
	£	*£*
Dividends paid	15,644,158	11,581,588

15. Finance leases

	2022	*2021*
	£	*£*
Future minimum finance lease payments are as follows:		
- within one year	(182,812)	206,361
- during years 2 to 5	(278,471)	487,090
Lease expenses recognised in the profit and loss account		
- interest	37,485	46,887
- right of use amortisation	153,896	136,366

Notes to the financial statements

for the year ended 31 December 2022

16. Financial risk management

Financial risks are assessed and managed at board level. The risks which the directors consider to be applicable to the Company include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and provide returns for shareholders. The Company is regulated by the Financial Conduct Authority and therefore is also subject to an externally imposed capital requirement. The directors monitor the level of capital to ensure the Company meets its operating requirements and doesn't breach its capital requirement.

Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the following:

Cash £10,255,081 (2021 - £5,481,655)
All cash is held in UK regulated financial institutions.

• Receivables
Amounts due from related parties £1,431,734 (2021 - £1,711,187)
These receivables from collective investment schemes are regarded by the directors as low risk.
Accrued income receivable £3,067,165 (2021 - £3,239,512)
These amounts are due from institutional clients who the directors consider maintain a high standard of credit worthiness and are regarded to be low risk.

Investments £40,421,385 (2021 - £45,654,330)
All investments are in liquid funds and the credit risk is considered by the directors to be limited because the counterparties/custodians are financial institutions with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash flows. Amounts due to creditors within one year at 31 December 2022 was £13,927,200 (2021 - £9,744,397). The Company manages its liquidity risk by maintaining sufficient cash with banks to meet its commitments as they are due. Scheduled cashflows during 2023 are expected to be received when required to meet the liability to creditors due within one year. Should the Company become short of liquidity, it could redeem some of its highly liquid investments.

Notes to the financial statements
for the year ended 31 December 2022

16. Financial risk management (continued)

Market risk

The Company's activities expose it to market risk through the changes in fair value of investments and the financial risks of changes in foreign current exchange rates and interest rates.

The Company's principal exposure to equity price risk is in relation to its holdings of Collective Investments in Transferable Securities the market values of which are subject to daily valuation. The fair value of these investments at 31 December 2022 was £40,421,385 (2021 - £45,654,330). In addition, there is an indirect exposure to financial markets because the Company's investment management fee income is calculated based on the value of funds under management.

A 10% change in the fair value of investments would result in a fluctuation of +/-£4,042,139.

Currency risk

Currency risk is the possibility that changes in foreign exchange rates will result in movements in the carrying value of assets or liabilities held in different currencies. Foreign currency assets and liabilities at the balance sheet date were:

Currency	Net assets £	Exchange rate
USD	50,973,568	1.20290
CAD	3,704,677	1.62987
AUD	2,599,359	1.77622
EUR	41,854	1.12759
DKK	277,360	8.40721

A 10% increase in FX rates would reduce the carrying value of these assets and liabilities as at the year-end date by £5,236,076. A 10% reduction in FX rates would increase the carrying value of these assets and liabilities as at the year-end date by £6,399,646.

Notes to the financial statements
for the year ended 31 December 2022

17. Related party transactions

Transactions with the following related parties are conducted at arm's length:	*2022* *£*	*2021* *£*
Guardian Capital LP (immediate parent company)		
Income: Fees earned	11,513,998	9,210,658
Expenses: Recharged expenses	(245,395)	(211,507)
Dividends payable	(15,644,158)	(11,581,588)
Debtor at reporting date	5,365,000	2,699,944
Guardian Capital Group Limited (ultimate parent company)		
Payments: loan repayments	–	443,976
Expenses: recharged expenses	(540,098)	(401,466)
Creditor at reporting date	(234,593)	(101,515)
Guardian Capital LLC (fellow subsidiary)		
Expenses: recharged expenses	(243,294)	(125,335)
Creditor at reporting date	(33,073)	(33,082)
Alta Capital Management, LLC (fellow subsidiary)		
Income: Fees earned	113	12,508
Debtor at reporting date	–	8,986
Guardian Smart Infrastructure Management Inc. (fellow subsidiary)		
Income: recharged expenses	194,833	–
Debtor at reporting date	194,833	–
GuardCap UCITS Funds plc (promoter and investment management client)		
Income: fees earned	18,412,000	18,508,300
Expenses	(3,928)	(5,284)
Debtor at reporting date	1,419,680	1,707,012
Payments: purchase of shares	–	7,334,766
Receipts: redemption of shares	–	8,790,063
Investment balance at reporting date	37,756,696	42,099,566
Guardian Aurora Master Fund LP (group investment and investment management client)		
Income: fees earned	186,285	262,352
Debtor at reporting date	12,054	20,303

Note: Guardian Aurora Master Fund LP is disclosed as a related party because economic control flows to Guardian Capital Group Limited via investment in the Fund's net assets.

Notes to the financial statements
for the year ended 31 December 2022

17. Related party transactions (continued)

	2022	*2021*
	£	*£*
GuardCap Global Equity Fund (promoter and investment management client)		
Income: fees earned less expenses	–	151,485
Payments: purchase of shares	–	127,094
Debtor/(creditor) at reporting date	–	4,175
Investment balance at reporting date	–	3,554,764

Note: GuardCap Global Equity Fund was a related party in 2021 but is no longer considered to be a related party because holding is less than 20%. Therefore, transactions with this entity for 2022 are not separately disclosed.

Petros Christodoulou (Director of the parent company)		
(Sale)/purchase of shares in GuardCap UCITS Funds plc	(585,949)	537,803
Investment balance at reporting date	–	641,181
Steven Bates (Director)		
GuardCap UCITS Funds plc - Investment balance at reporting date	240,910	263,638
Guardian Aurora Master Fund LP - Investment balance at reporting date	402,087	501,746
Guarantee provided to the company's bank in support of the Company's liabilities plus interest and costs	–	70,000

Compensation of key management personnel
The compensation of key management personnel is disclosed as directors' emoluments in note 4.

18. Parent undertaking and controlling party
The Company’s immediate parent undertaking is Guardian Capital LP, a limited partnership with its registered office in Canada. Guardian Capital LP is a wholly owned subsidiary of Guardian Capital Group Limited, a limited company with its registered office in Canada. The consolidated financial statements of Guardian Capital Group Limited are available to the public and may be obtained from www.guardiancapital.com.

19. Events after the balance sheet date
There have been no significant events after the balance sheet date.