

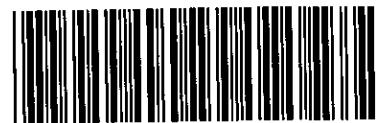
APPLERIGG LIMITED

(Registered No: 4265943)

CONSOLIDATED REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2019

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Applerigg Limited

Report and financial statements for the year ended 31 December 2019

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Directors

F Alexander Scott	<i>Executive Chairman</i>
Sir Christopher Scott, Bt.	<i>Non-executive Director</i>
Bruce Offergelt	<i>Executive Director</i>
Mark Houghton-Berry	<i>Non-executive Director</i>
Stephen Hill	<i>Non-executive Director</i>
Mark Fuller	<i>Non-executive Director</i>
Oliver Sargent	<i>Non-executive Director</i>

Secretary

Amba Secretaries Limited

Registered office

105 Wigmore Street
London
W1U 1QY

Company number

04265943

Auditors

BDO LLP
150 Aldersgate Street
Barbican
London
EC1A 4AB

Business Review

Sandaire (the combined business of Sand Aire Limited and Lord North Street Limited) delivered an operating loss of £2,171,000 (2018: £1,590,000) for the year. This reflects that the higher turnover was offset by the increase in administrative expenses associated with the launch of new or enhanced business lines in the areas of Corporate Finance, Real Estate and Private Equity to broaden the services offered to its clients. Sandaire also continued to invest in its core operating model. The Sandaire operating loss included a loss of £7,000 (2018: a profit of £791,000) for Lord North Street Limited and a loss of £2,164,000 (2018: £2,381,000) for Sand Aire Limited. The individual company results reflect the transfer during the year of all clients from Lord North Street Limited to Sand Aire Limited and that the Sandaire establishment costs are now fully borne in Sand Aire Limited in comparison with the partial allocation of previous years. There were no costs incurred in 2019 with respect to the legacy issues noted in last year's report.

Yealand Group Limited is the holding company for the Group's interest in Yealand Administration Limited and Carvetian Capital Management Limited to reflect that these businesses provide complimentary services under common leadership.

Yealand Administration Limited ("Yealand") reported a fall in profit to £637,000 (2018: £833,000) which reflects the investment in the business to support its future growth, including its IT infrastructure.

Carvetian Capital Management Limited ("Carvetian") reported a fall in profit to £208,000 (2018: £262,000) to reflect that while revenues increased there was a larger increase in the recharge from Yealand to reflect the services provided.

Sand Aire (Singapore) (Pte) Ltd ("Sandaire Singapore") recorded a lower loss of £302,000 (2018: £692,000). This reflects the decision taken following the strategic review, which was in progress at the date of last year's report, to cease all regulated activities in Singapore. The company is being managed on a "care and maintenance basis" while the longer-term options are considered.

Applerigg and its subsidiaries ("the Group") continued to explore other strategic opportunities, which could add long-term value for shareholders. In some instances, this may require the absorption of costs incurred to evaluate such opportunities.

Risks and uncertainties

Risk	Impact on Company	Assessment of change in risk year-on-year	Mitigation of risk
Loss of large client	Loss of revenue and hence lower profitability.	Retention of the Group's larger clients remains strong with relatively few client losses.	All client relationships are closely managed and monitored on a regular basis to ensure that all clients are satisfied with the services provided. The business model is to grow the client base so that the loss of any single client has a lesser effect.

Risks and uncertainties (continued)

Risk	Impact on Company	Assessment of change in risk year-on-year	Mitigation of risk
Long term market downturn and volatility	Reduction in revenue and hence lower profitability.	Global equity markets continued to be volatile over the course of 2019.	SIO's investment process facilitates swift reaction to market movements and action to reallocate across the asset classes as necessary. Yealand is not able to control the impact of market movements upon its revenues but ensures that its costs are managed to accommodate any significant volatility in income.
Unexpected increase in costs	Reduction in profitability.	BAU ("business as usual") costs were closely managed and kept in line with expectations during 2019. Other exceptional and project costs were managed and controlled.	Monthly management accounts are prepared against detailed forecasts and reviewed by management on a monthly basis. The Applerigg Board reviews actual and latest forecast results at each Board Meeting.
Failure to satisfy regulatory requirements	Fine or removal of permissions.	Permissions were revised as necessary to reflect all current regulated business activities.	Periodic review by internal and external compliance of business activities and permissions.

Coronavirus (COVID-19)

Since the balance sheet date of 31 December 2019 the entire world has been affected by COVID-19, an infectious disease caused by a newly discovered coronavirus, which has been classified as a pandemic by the World Health Organisation, its highest and most serious classification.

The unparalleled spread of the virus resulted in Governments across the globe introducing unprecedented measures to slow the growth of the disease, which has impacted the global economy and daily life. While there have been periodic economic disruptions due to financial shocks such as the financial crisis of 2008, this crisis has a much broader and far reaching impact.

In line with Government advice that everyone should work from home wherever possible all the Company's operating businesses have successfully invoked their business contingency plans and transitioned to have their staff working safely from home. As at the date of this report all businesses are continuing to provide their services to clients with minimum disruption and have in place the appropriate governance and controls for remote working.

The significant initial fall in all stock markets across the globe and subsequent volatility as all economies struggle with the challenges of COVID-19 has an impact on the revenues of the Group as this is directly correlated with market levels. However, although income fell it did not cease as is the case for other businesses that were required to temporarily close. In the light of the fall in markets,

Applerigg Limited

Strategic Report for the year ended 31 December 2019

the operating businesses have considered a number of scenarios to model the impact of the
Covid-19 (continued)

reduction of income upon profitability, cash flows and liquidity and identified the appropriate adjustments to expenditure that are being made to manage and mitigate the impact.

At the date of this report, the Company and its operating businesses were operating efficiently and effectively and providing a continuing service to all stakeholders - clients, staff and shareholders.

Activities and Financial Objectives

Applerigg Limited ("the Company") acts as a holding company and its principal investments are in its subsidiaries Sand Aire Limited (which together with its subsidiary Lord North Street Limited forms Sandaire) and Yealand Group Limited (which comprises Yealand and Carvetian). The Company is committed to delivering increasing long-term value to its shareholders by pursuing a strategy of investing in companies and businesses that it believes will produce increasingly attractive returns over the medium to long term.

Sand Aire Limited is authorised and regulated by the Financial Conduct Authority (the "FCA") to undertake investment activities. During the year the clients of Lord North Street Limited were transferred to Sand Aire Limited and Lord North Street Limited ceased to be regulated by the FCA. Sand Aire Limited provides investment management and associated services to Stramongate SA, a related party, and other third party clients.

In 2019, Yealand provided services to Open Ended Investment Companies ("OEICs") where the Authorised Corporate Director ("ACD") was either Carvetian or an externally owned and managed FCA regulated company.

Carvetian Capital Management Limited is regulated by the FCA and provided ACD services to forty-nine investment funds.

During the whole of 2019 Sand Aire (Singapore) (Pte) Ltd held a Capital Markets Services Licence ("CMS Licence") issued by the Monetary Authority of Singapore for conducting the regulated activity of fund management in Singapore. Following a decision to cease all regulatory activities, the company ceased to hold its CMS Licence in January 2020.

Review of Operations

Sandaire provides advisory, discretionary investment management and other family office services to a small number of families, ultra high net worth individuals, university endowments and charitable institutions who seek the long-term preservation and growth of their wealth. Sandaire, which invests on behalf of clients across all asset classes, has a strategic asset allocation and a multi-manager approach and remains deeply committed to providing unbiased expert advice and independence in investment.

Sandaire remains focused on delivering a bespoke service to a relatively small number of compatible clients so that it is able to both meet their needs and expectations and also share ideas, opportunities and best practices among them.

Yealand provides administration and registration services to OEICs and Unit Trusts, which have a relatively small number of shareholders with a requirement for a premium level of service.

Carvetian is an ACD/Manager for forty-three regulated investment funds (OEICs and Unit Trusts).

Review of Operations (continued)

Before the cessation of all regulated activities, Sandaire Singapore offered investment services to Asia based clients that were tailored to suit their individual needs but which leveraged off Sandaire's core common investment process and global operations infrastructure. As a result of the decision to cease all regulated activities and the impairment review that was carried out at the end of the year, the value of the Company's investment in Sandaire Singapore was written down to £256,897. This included the subscription for an additional 500,000 shares by the Company in 2019 for a consideration of SGD500,000 to provide additional funding to cover the company's operating losses in the year.

Financial Review

Turnover

Turnover for the year of £12,242,000 (2018: £12,220,000) represented a 0.2% increase over the 2018 figure.

Expenses

Expenses for the year of £14,982,000 (2018: £14,313,000) represented an increase of 4.7% over the 2018 figure.

Applerigg Limited
Strategic Report
for the year ended 31 December 2019

Key Performance Indicators

Performance can be assessed by reference to the annual profit on ordinary activities before goodwill amortisation and taxation, the total funds that are managed and advised by Sandaire and the total funds that are administered by Yealand.

	2019	2018	Change
	£'000	£'000	%
Operating loss on ordinary activities (before goodwill)	(2,722)	(2,052)	-32.7
Funds managed and advised by Sandaire	2,346,016	2,309,243	1.6
Funds administered by Yealand	2,693,992	2,255,695	19.4

	2019	2018
	£'000	£'000
Sandaire – operating loss	(2,171)	(1,590)
Sandaire Singapore – operating loss	<u>(291)</u>	<u>(692)</u>
Sandaire Group	(2,462)	(2,282)
Yealand – operating profit	636	833
Carvetian – operating profit	<u>202</u>	<u>262</u>
Yealand Group	838	1,095
Applerigg – operating loss	<u>(1,098)</u>	<u>(865)</u>
Consolidated operating loss before goodwill amortisation	(2,722)	(2,052)
Goodwill amortisation	<u>(1,313)</u>	<u>(1,417)</u>
Consolidated operating loss after goodwill amortisation	<u>(4,035)</u>	<u>(3,469)</u>

The Consolidated operating loss before goodwill amortisation includes the actual losses reported by Sandaire, the profit for Yealand, the profit for Carvetian, the loss for Sandaire Singapore and the net expenses of the Company.

The Consolidated operating loss after goodwill amortisation that is shown in the consolidated profit and loss account can be analysed as follows:

The increase in Sandaire's loss reflects that the higher turnover was offset by the greater increase in administrative expenses associated with the launch of new or enhanced business lines in the areas of Corporate Finance, Real Estate and Private Equity to broaden the services offered to its clients. Sandaire also continued to invest in its core operating model to support the effective long-term growth of the business.

Sandaire Singapore's lower losses reflect the decision following the strategic review to cease all regulated activities in Singapore.

Within Yealand Group, the decrease in Yealand's profits reflects the investment in the business in 2019, including a robust IT infrastructure, to support the long-term growth was greater than the additional revenues from the higher funds under administration. The decrease in Carvetian's profits reflects the higher recharge from Yealand to reflect the services provided.

The increase in Applerigg's net expenses includes the one-off costs of the strategic review relating to Sandaire Singapore.

Post balance sheet events

On 9 March 2020 the Company wrote to its shareholders with proposals that Stramongate be issued with ordinary shares (the "Capitalisation Shares") in consideration for Stramongate agreeing to release the Company from its obligation to repay the principal amount of the loan drawn down under the arrangement signed on 27 July 2016 together with all unpaid accrued interest. The proposals also included that the Company would have a Buyback Option to purchase all or part of the Capitalisation Shares within two years of the issue date. After the Company received completed Written Resolutions from the required number of shareholders to approve the resolutions, 113,455,110 ordinary shares were issued as the Capitalisation Shares on 27 March 2020. The associated Loan Capitalisation and Buyback Option Agreements were signed by the Company and Stramongate on the same date.

On 17 April 2020 the Company signed an agreement relating to the sale of its shares and assignment of its loan relating to Mount Kendal Limited. Both the investment and loan values had been written down as at 31 December 2019.

Directors and their interests

The names of the Company's directors throughout the year are listed on page 7.

In accordance with Article 82, Mr Francis Alexander Scott, who has served as a director of the Company since it was formed in 2001, will retire by rotation but has decided not to seek reappointment at the forthcoming Annual General Meeting. Sir Christopher Scott, Bt. Will also retire by rotation and, being eligible, will seek reappointment at the forthcoming Annual General Meeting. No director held any material interest during the year in any contract of significance relating to the business of the Company other than those disclosed in note 18.

Corporate governance

As part of the reconstruction of the Stramongate group at the end of 2001, the Company was established as a separate entity from its founder client, Stramongate Limited. The shareholders of Stramongate Limited received shares in Stramongate S.A. (Stramongate") following a share exchange in 2011. While the Company and Stramongate are related parties in so far as they are owned by common shareholders they are managed as separate businesses with independent boards of directors. All contractual relationships between the Company and its subsidiaries and Stramongate are on an "arm's length" basis so that all clients of the Company and its subsidiaries enjoy the same status and service.

Similarly, Carvetian, as the ACD of certain OEICs and Unit Trusts, has appointed Yealand to provide administration and other services and Carvetian has appointed Sand Aire Limited as Investment Manager for some OEICs and Unit Trusts. The contractual relationships between Carvetian and Yealand and between Carvetian and Sand Aire Limited are on an "arm's length" basis to ensure that all clients of Yealand Group enjoy the same status and service.

The FCA authorised and regulated firms within the Group all have processes and procedures to identify, manage and control the potential conflicts of interest.

This Strategic Report was approved by order of the Board and signed on its behalf on 11 May 2020.



Amba Secretaries Limited
Company Secretary

Applerigg Limited

Report of the directors for the year ended 31 December 2019

Directors

The directors of the company throughout the year, and subsequently, were:

F Alexander Scott	<i>Executive Chairman</i>
Sir Christopher Scott, Bt.	<i>Non-executive Director</i>
Bruce Offergelt	<i>Executive Director</i>
Mark Houghton-Berry	<i>Non-executive Director</i>
Stephen Hill	<i>Non-executive Director</i>
Mark Fuller	<i>Non-executive Director</i>
Oliver Sargent	<i>Non-executive Director</i> (appointed 26 March 2019)

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for the directors of Applerigg Limited.

Principal activity of Group and Company

The Company acts as the holding company for the Group's investments in its operating subsidiaries that focus on strategic family and private wealth management and associated businesses.

Directors' duties

The directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company as set out in Section 172 of the Companies Act 2003 ("Section 172"). In doing so, the directors must take into consideration the interests of the various stakeholders of the Company, the impact the Company has on the community and the environment, take a long-term view on consequences of the decisions they make as well as aim to maintain a reputation for high standards of business conduct and fair treatment between members of the Company.

Auditor

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the Company's auditor is unaware.

In accordance with section 485 of the Companies Act 2006, a resolution proposing to reappoint BDO LLP will be put at a General Meeting.

Dividends

The directors do not recommend the payment of a dividend on the ordinary shares for the period under review (2018: nil).

Likely future developments in the business of the company

Information on likely future developments in the business of the Company has been included in the Strategic Report on page 1.

Financial risk management

Business risk

The key business risks faced by Sandaire are a reduction in the profit earned, which could result from a significant downturn in the market, the loss of one or more clients, or the failure to control costs. To address these risks the Sandaire management prepares a strategic plan and a detailed annual budget/forecast against which performance is reported and monitored.

Applerigg Limited

**Report of the directors
for the year ended 31 December 2019**

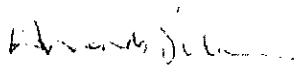
Business risk (continued)

This also enables the Sandaire management to take the appropriate action to manage its expenses and capital adequacy over the medium term.

The key business risk for the Yealand Group is not sustaining its revenues to provide cover for its fixed costs in the event of a reduction in income from either a significant downturn in the market or the loss of one or more clients. To address this risk the Yealand Group has produced a strategic plan and a detailed annual budget/reforecast against which performance is reported and measured.

Approval

This Directors' Report was approved by order of the Board and signed on its behalf on 11 May 2020.



Amba Secretaries Limited
Company Secretary

Applerigg Limited

Statement of directors' responsibilities

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

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

Applerigg Limited

Independent auditor's report to the members of Applerigg Limited

Opinion

We have audited the financial statements of Applerigg Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise Consolidated statement of comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated cash flow statement, the Company statement of changes in equity, Consolidated statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

Other information (continued)

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Auditor's responsibilities for the audit of the financial statements (continued)

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Ariel Grosberg (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
150 Aldersgate Street
Barbican
London
EC1A 4AB

12 May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Applerigg Limited

Consolidated statement of comprehensive income for the year ended 31 December 2019

		Total	Total
		2019	2018
	Notes	£'000	£'000
Turnover	3	12,242	12,220
Administrative expenses		(14,982)	(14,313)
Other operating income	4 (a)	18	41
Operating loss before amortisation		(2,722)	(2,052)
Other operating expenses	4 (b)	(1,313)	(1,417)
Operating loss		(4,035)	(3,469)
Interest payable and similar charges		(373)	(206)
Interest receivable and similar income		16	9
Loss on ordinary activities before taxation	5	(4,392)	(3,666)
Tax on ordinary activities	6	3	1
Loss on ordinary activities after taxation		(4,389)	(3,665)
Minority interests		-	-
Retained loss for the year		(4,389)	(3,665)
Currency translation differences		1	11
Total comprehensive loss for the year		(4,388)	(3,654)

Notes on pages 18 to 35 form part of these financial statements.

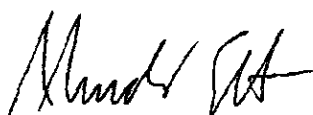
Applerigg Limited

Consolidated statement of financial position
as at 31 December 2019

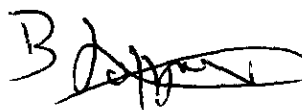
	Notes	2019 £000	2018 £000
Fixed Assets			
Intangible assets	9	5,555	6,832
Tangible assets	10	240	327
Other investments	11	18	57
		<u>5,813</u>	<u>7,216</u>
Current Assets			
Debtors - due within one year	12	4,434	4,270
Cash at bank and in hand		6,490	5,654
		<u>10,924</u>	<u>9,924</u>
Creditors: amounts falling due within one year	13	<u>(3,066)</u>	<u>(4,013)</u>
Net current assets		<u>7,858</u>	<u>5,911</u>
Total assets less current liabilities		<u>13,671</u>	<u>13,127</u>
Creditors: amounts falling due after more than one year	14	(8,001)	(3,053)
Provisions for liabilities and charges	15	(5)	(21)
Net Assets		<u>5,665</u>	<u>10,053</u>
Capital and Reserves			
Called up share capital	17	4,642	4,642
Share premium account		23,158	23,158
Profit and loss reserve		<u>(22,139)</u>	<u>(17,751)</u>
Equity attributable to owners of the Company		<u>5,661</u>	<u>10,049</u>
Non controlling interests		<u>4</u>	<u>4</u>
Total equity		<u>5,665</u>	<u>10,053</u>

Notes on pages 18 to 35 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue, and signed on its behalf, on 11 May 2020.



F Alexander Scott
Executive Chairman



Bruce Offergelt
Director

Applerigg Limited registered number 4265943

Applerigg Limited

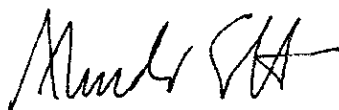
Company statement of financial position
as at 31 December 2019

	Notes	2019 £000	2018 £000
Fixed Assets			
Shares in subsidiary undertakings	11	21,677	19,537
Other investments	11	-	36
		<u>21,677</u>	<u>19,573</u>
Current Assets			
Debtors - due within one year	12	95	366
Cash at bank and in hand		881	189
		<u>976</u>	<u>555</u>
Creditors: amounts falling due within one year	13	(1,172)	(798)
Net current assets		<u>(196)</u>	<u>(243)</u>
Total assets less current liabilities		<u>21,481</u>	<u>19,330</u>
Creditors: amounts falling due after more than one year	14	(8,001)	(3,053)
Net Assets		<u>13,480</u>	<u>16,277</u>
Capital and Reserves			
Called up share capital	17	4,642	4,642
Share premium account		23,158	23,158
Profit and loss account		(14,320)	(11,523)
Equity attributable to owners of the Company		<u>13,480</u>	<u>16,277</u>

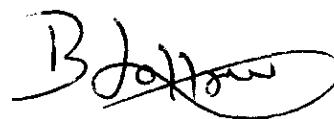
Notes on pages 18 to 35 form an integral part of these financial statements.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not prepared its own statement of comprehensive income in these financial statements. The loss after tax of the Parent Company for the year was £2,797,000 (2018: £4,357,000).

The financial statements were approved by the Board of Directors and authorised for issue, and signed on its behalf, on 11 May 2020.



F Alexander Scott
Executive Chairman



Bruce Offergelt
Director

Applerigg Limited registered number 4265943

Applerigg Limited

Consolidated cash flow statement for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Loss for the financial year before taxation		(4,392)	(3,666)
Adjustments for:			
Depreciation	10	125	126
Amortisation and impairment		1,316	1,420
Financial income		(15)	(9)
Financial expenses		373	206
(Increase)/Decrease in debtors		(255)	2,117
Decrease in creditors		(1,104)	(1,694)
Cash outflow from Operations		(3,952)	(1,500)
Interest paid		(311)	(196)
Interest received		15	9
Taxation received/(paid)		172	(75)
Net cash outflow from operating activities		(4,076)	(1,762)
Cash flows from investing activities			
Purchase of tangible fixed assets	10	(39)	(107)
Purchase of fixed asset investment		-	-
Net cash outflow from investing activities		(39)	(107)
Cash flows from financing activities			
Loan received		4,950	720
Net cash generated from financing activities		4,950	720
Net increase/(decrease) in cash and cash equivalents		835	(1,149)
Cash and cash equivalents at beginning of year		5,654	6,792
Currency translation differences		1	11
Cash and cash equivalents at end of year		6,490	5,654
Cash and cash equivalents comprise:			
Cash at bank and in hand		6,490	5,654

Notes on pages 18 to 35 form an integral part of these financial statements.

Applerigg Limited

Consolidated statement of changes in equity for the year ended 31 December 2019

	Share capital	Share premium account	Non- controlling interest	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
1 January 2019	4,642	23,158	4	(17,751)	10,053
Loss for the year	-	-	-	(4,389)	(4,389)
Currency translation differences	-	-	-	1	1
31 December 2019	4,642	23,158	4	(22,139)	5,665

	Share capital	Share premium account	Non- controlling interest	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
1 January 2018	4,642	23,158	-	(14,097)	13,703
Loss for the year	-	-	-	(3,665)	(3,665)
Sale of non controlling interest	-	-	4	-	4
Currency translation differences	-	-	-	11	11
31 December 2018	4,642	23,158	4	(17,751)	10,053

Company statement of changes in equity For the year ended 31 December 2019

	Share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
1 January 2019	4,642	23,158	(11,523)	16,277
Loss for the year	-	-	(2,797)	(2,797)
31 December 2019	4,642	23,158	(14,320)	13,480

	Share capital	Share premium account	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
1 January 2018	4,642	23,158	(7,166)	20,634
Loss for the year	-	-	(4,357)	(4,357)
31 December 2018	4,642	23,158	(11,523)	16,277

Notes on pages 18 to 35 form part of these financial statements.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019

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Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1. Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Applerigg Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is 105 Wigmore Street, London, W1U 1QY.

The preparation of financial statements, which is on a going concern basis and in compliance with FRS 102, requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Applerigg Limited has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the period from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Goodwill

Goodwill arises on the acquisition of subsidiary undertakings and businesses. It represents the amount paid for the business over the value of the tangible assets, the intangible assets that are identified and the liabilities purchased. The goodwill is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any permanent impairment. Goodwill is recognised in the profit and loss account.

Intangible assets

Identifiable and measurable intangible assets acquired as part of the purchase of a business are capitalised separately from goodwill. Intangible assets are stated at their initial cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life through the profit and loss account.

The useful economic lives of intangible assets are as follows:

Contract Value	1 year
Relationship Value	10 years

Deferred consideration

Deferred consideration is discounted to present value using the applicable borrowing rate. The discounted amount is added back to the consideration on a straight line basis up to the point when the consideration becomes payable. Deferred consideration is reassessed each year.

Investments – current assets

Investments denominated as current assets represent the OEIC shares held by the Authorised Corporate Director (Sand Aire Limited), as a manager's box and are valued at the lower of cost and cancellation price.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Investments – fixed assets

Shares in Group undertakings in the Company balance sheet are stated at cost less impairment. The directors review the carrying value of investments at each balance sheet date. Where it is considered that a permanent diminution in value has occurred the value of the investment is written down and charged to the profit and loss account.

Tangible assets - depreciation

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

Depreciation is provided to write off the cost of computer equipment, office refurbishment and office furniture and fittings by equal instalments over their estimated useful economic life, as follows:

Computer equipment	2 to 3 years
Office refurbishment	10 years
Office furniture	5 years

Depreciation is included in Administrative expenses.

Foreign currencies

Transactions involving foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Foreign exchange differences arising on the translation of foreign subsidiaries are shown as a movement to reserves.

Operating leases

Costs of operating leases are charged to the profit and loss account on an accruals basis.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed as and when all conditions for retaining associated tax allowances have been met.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Classification of financial instruments issued by the Company

Financial assets

Trade and other receivables are classified as loans and receivables and are measured at cost less any impairment.

Financial liabilities

Financial liabilities are carried at amortised cost, calculated on an accruals basis.

Borrowings

Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance fees are accounted for in the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument.

Turnover

Turnover represents management and administration fees recognised on an accruals basis.

Pension

The Company operates one defined contribution pension scheme. The assets of this scheme are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to this scheme in respect of the accounting period.

Share option scheme

The Sand Aire Limited Long Term Incentive Plan provides the participants with the opportunity to purchase shares in Sand Aire Limited. These are issued at the full unrestricted market value but are subject to vesting conditions as set out in Sand Aire Limited's Articles.

Unaudited trading subsidiaries

Both Yealand Group Limited and The Private Investment Office Limited were entitled to exemption from audit in accordance with section 479a of the Companies Act 2006.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Termination benefits

Employee benefits provided in exchange for the termination of an employee's employment as a result of either (i) an entity's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits are charged to profit or loss in the year in which they become payable. Payments made during the year are shown in note 8.

2 Judgements and key sources of estimation and uncertainty

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, the Directors have made the following judgements and estimations, which have the most significant effect on the amounts recognised in the financial statements:

- Determine whether there are indicators of impairment of the Company's unlisted investments. The Directors use independent valuations or discounted cash flow techniques to determine whether there has been an impairment of the asset.
- Determine the value of any provisions. Where a provision arises the Directors assess all the relevant facts available to them, which may include input from third parties to calculate the amount provided.
- Useful lives of tangible assets – items are depreciated over their useful life.
- Useful lives of intangible assets – items are amortised over their useful life.

3 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services.

	2019	2018
	£000	£000
Investment Management Fees	8,321	8,395
Administration and Consultancy fees	3,921	3,825
	<u>12,242</u>	<u>12,220</u>
	2019	2018
	£000	£000
United Kingdom	12,187	12,083
Singapore	55	137
	<u>12,242</u>	<u>12,220</u>

Turnover is generated within the United Kingdom and Singapore.

Applerigg Limited**Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)****4 Other operating income and expenses**

	2019	2018
	£000	£000
<i>(a) Other income</i>		
Rental income	4	8
Other income	14	33
	<u>18</u>	<u>41</u>
<i>(b) Other operating expenses</i>		
Amortisation of goodwill	(1,204)	(1,331)
Amortisation of relationship value	(89)	(86)
Amortisation of contract value	-	-
Impairment	(20)	-
	<u>(1,313)</u>	<u>(1,417)</u>

5 Operating loss

	2019	2018
	£000	£000
This is arrived at after charging:		
Depreciation and amounts written off tangible fixed assets – owned	125	126
Amortisation	1,293	1,417
Impairment	20	-
Operating lease rentals – land and building	657	691
Operating lease rentals – other	9	9
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13	10
Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries	77	86
- CASS audit	21	41
- Other services	56	-
- Tax services	18	18

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

6 Taxation

(a) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2019 £000	2018 £000
Loss on ordinary activities before tax	(4,392)	(3,666)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(834)	(697)
Effects of:		
Expenses not deductible for tax purposes	356	294
Deferred tax asset not recognised	475	407
Adjustments to tax charge in respect of previous periods	-	(5)
Group total tax charge for the year	(3)	(1)

Tax losses not utilised are carried forward to be offset against future profits. The adjustment in respect of prior years reflects the correction of estimates made in prior years.

(b) Deferred Tax

The Group has unrecognised deferred tax assets carried forward of £1,001,000 (2018: £585,000) in respect of unutilised losses. The Group has unrecognised tax losses carried forward of £5,891,000 (2018: £3,441,000). The Deferred tax asset has been recognised at 17% as the Budget Resolution which was passed on 17 March 2020 to retain the 19% corporation tax rate had not been substantively enacted until after the balance sheet date. The impact of the change of rate to 19% on the deferred tax asset would be to increase it to £1,119,000.

7. Remuneration of directors

	2019 £000	2018 £000
Directors emoluments – executive directors	395	425
Directors emoluments – non-executive directors	183	160
Company contribution to money purchase pension scheme	12	26
Other benefits in kind	11	10
	601	621

Emoluments of the highest paid director

	2019 £000	2018 £000
Director's emoluments	204	225
Total emoluments	204	225

Company contribution to defined contribution pension scheme
- Paid by other Group companies

	12	6
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1 director (2018: 2) accrued retirement benefits under a defined contribution pension scheme.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

8. Employees

	2019	2018
Average number of persons, including executive directors, employed by the Group	83	74
	£000	£000
Wages and salaries	6,882	5,926
Social security costs	848	651
Compensation for loss of office	3	37
Pension costs	486	402
Aggregate remuneration paid and payable	8,219	7,016

9. Intangible assets

Group	Contract value £'000	Relationship value £'000	Goodwill £'000	Total £'000
Cost				
At beginning of year	183	4,710	15,137	20,030
Additions	-	-	-	-
At end of year	183	4,710	15,137	20,030
Accumulated amortisation				
At beginning of year	183	4,161	8,854	13,198
Charge for the year	-	49	1,244	1,293
Impairment	-	(16)	-	(16)
At end of year	183	4,194	10,098	14,475
Net book value at 31 December 2019	-	516	5,039	5,555
Net book value at 31 December 2018	-	549	6,283	6,832

The goodwill and relationship value are amortised over a period of 10 years. The contract value is amortised over 1 year. The intangible value in relation to Lord North Street is reviewed annually using a discounted cash flow, which assumes nil growth, and a weighted average cost of capital of 12%.

Applerigg Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

10. Tangible fixed assets

	2019 £000	2018 £000
Group		
Fixtures, fittings, tools and equipment		
Cost		
At beginning of year	2,114	2,007
Additions	39	107
Disposals	(470)	-
At end of year	1,683	2,114
Depreciation		
At beginning of year	1,787	1,661
Charge for the year	125	126
Disposals	(469)	-
At end of year	1,483	1,787
Net book value at end of year	240	327
Net book value at beginning of year	327	346

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

11. Fixed asset investments

Company	2019	2018
Subsidiary undertakings	£000	£000
Cost		
At beginning of year	26,480	25,951
Additions	4,181	529
At end of year	30,661	26,480
Provision for impairment		
At beginning of year	6,943	2,984
Written off	2,041	3,959
At end of year	8,984	6,943
Net book value	21,677	19,537

On 22 March 2019 Sand Aire (Singapore) (Pte.) Ltd issued an additional 500,000 shares to the Company for £281,136 representing 6.3% of the issued share capital.

On 30 April 2019 Sand Aire Limited issued an additional 159,091 shares to the Company for £700,000 representing 3.9% of the issued share capital. On 26 June 2019 Sand Aire Limited issued an additional 727,273 shares to the Company for £3,200,000 representing 15.1% of the issued share capital.

During the year the Company carried out an impairment review of its investment in Sand Aire (Singapore) (Pte.) Ltd. and as a result wrote down its value by £291,442 (2018: £679,454).

During the year the Company carried out an impairment review of its investment in Sand Aire Limited and as a result wrote down its value by £1,750,002 (2018: £3,278,604).

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

11. Fixed asset investments (continued)

Other investments	2019	2018
Group	£000	£000
Cost		
At beginning of year	224	224
Disposals	-	-
At end of year	<u>224</u>	<u>224</u>
Provision for impairment		
At beginning of year	167	164
Written off	3	3
Impairment	36	-
At end of year	<u>206</u>	<u>167</u>
Net book value	<u>18</u>	<u>57</u>
Works of art	10	10
Debentures	8	11
Mount Kendal	-	36
	<u>18</u>	<u>57</u>

The Group holds debentures that have rights maturing on 31 August 2022. The debentures are amortised on a straight line basis to this maturity date.

Other Investments	2019	2018
Company	£000	£000
At beginning of year	176	176
Disposals	-	-
At end of year	<u>176</u>	<u>176</u>
Provision for impairment		
At beginning of year	140	140
Written off	36	-
At end of year	<u>176</u>	<u>140</u>
Net book value	<u>-</u>	<u>36</u>

In 2017 the Company made a strategic investment in Mount Kendal. During 2019 it was decided to exit from that business and the investment was written off.

In 2017 the Company made a strategic investment Horizons Next Gen Limited. This was written down to zero at the end of that year following an impairment review of the investment.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

11. Fixed asset investments (continued)

<i>Subsidiary undertaking</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>	<i>Percentage of ordinary shares held</i>
Carvetian Capital Management Limited #	England	Authorised Corporate Director	100
Carvetian Nominees Limited *#	England	Dormant	100
Lord North Street Limited +	England	Investment Management	100
Northbridge Management Limited *~	England	In Liquidation	100
Northbridge UK Limited *~	England	In Liquidation	100
The Private Investment Office Limited *+	England	Intellectual Property	100
Sand Aire International Limited *	England	Dormant	100
Sand Aire Investment Management Limited *+	England	Dormant	100
Sand Aire Limited +	England	Investment Management	100
Sand Aire Services Limited *+	England	Administration Services	100
Sand Aire (Singapore) (Pte.) Ltd ^	Singapore	Investment Management	100
Yealand Administration Limited #	England	Administration Services	100
Yealand Group Limited *#	England	Dormant	100

* Exempt from audit.

Registered Offices:

+ 105 Wigmore Street, London. W1U 1QY

~ Kings Orchard, 1 Queen Street, Bristol. BS2 0HQ

Stuart House, St John Street, Peterborough, PE1 5DD

^ Six Battery Road, #42-53, Singapore (049409)

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

12. Debtors

	2019	2018
	£000	£000
Amounts falling due within one year		
Group		
Trade debtors	1,564	1,404
Corporation tax	97	188
Other debtors	602	767
Prepayments and accrued income	2,171	1,911
	<u>4,434</u>	<u>4,270</u>
Company		
Amounts due from Group undertakings	4	219
Corporation tax	-	-
Other debtors	76	127
Prepayments and accrued income	15	20
	<u>95</u>	<u>366</u>

Other debtors includes an amount of £72,000 (2018: £55,000) representing a loan to Horizons Next Gen Ltd and an amount of £nil (2018: £66,000) representing a loan to Mount Kendal. The loans have no fixed repayment term and are repayable on demand.

13. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Amounts falling due within one year		
Group		
Trade creditors	1,297	1,749
Other taxation and social security	304	271
Other creditors	177	156
Accruals and deferred income	1,288	1,837
	<u>3,066</u>	<u>4,013</u>
Company		
Trade creditors	2	17
Amounts owed to Group undertakings	961	671
Other taxation and social security	5	-
Other creditors	117	55
Accruals and deferred income	87	55
	<u>1,172</u>	<u>798</u>

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

14. Creditors: Amounts falling due after more than one year

	2019 £000	2018 £000
Amounts falling due after more than one year		
Group		
Other loans	8,001	3,053
	<u>8,001</u>	<u>3,053</u>
Company		
Other loans	8,001	3,053
	<u>8,001</u>	<u>3,053</u>

On 27 July 2016 the Company entered into an arrangement with Stramongate SA ("Stramongate") whereby Stramongate would provide loan facilities to the Company of up to £3 million and \$6.75 million. The rate of interest is 5% above the LIBOR rate. Repayment of the loan will commence on the 5th anniversary but may be repaid earlier. During the year the US\$ facility was converted into a GBP facility for a total combined amount of £8.2 million.

15. Provisions for liabilities and charges

	Dilapidations £000	Deferred tax provision £000	Total £000
At beginning of year	13	8	21
Additions	-	-	-
Release to the profit and loss account	(13)	(3)	(16)
At end of year	<u>-</u>	<u>5</u>	<u>5</u>

The deferred tax liability in the current year relates to the timing of pension payments and capital writing down allowances.

The provision for dilapidations reflected the expected cost of reinstating the office leased by Sand Aire Singapore when the lease expired in August 2019. There was no cost and the provision has been released.

16. Operating Leases

The Group had minimum lease payments under non-cancellable operating leases as set out below:

	2019		2018	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Operating leases which expire:				
Within one year	733	7	759	9
In the second to fifth years inclusive	589	-	1,291	6
	<u>1,322</u>	<u>7</u>	<u>2,050</u>	<u>15</u>

The Company had no lease payments.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

17. Share capital

	2019 £000	2018 £000
Issued:		
292,558,620 (2018: 292,558,620) ordinary shares of 1 pence each fully paid	2,925	2,925
3,773,625 (2018: 3,773,625) ordinary shares of 1 pence each partly paid	38	38
167,892,099 (2018: 167,892,099) deferred shares of 1 pence each fully paid	1,679	1,679
	<u>4,642</u>	<u>4,642</u>
Shares classified as equity	<u>4,642</u>	<u>4,642</u>

The ordinary shares have the right to participate in dividends and to receive notice of and to attend meetings of the Company. On a return of capital on liquidation or otherwise, the surplus assets of the Company remaining after payment of its liabilities, costs and expenses shall be distributed among the holders of ordinary shares in proportion to the numbers of ordinary shares held by them.

The deferred shares shall have the following rights and be subject to the following restrictions:

Income

Deferred shares shall have no right to participate in any dividend or other distribution of income of the Company.

Capital

On a return of capital on liquidation or otherwise, the surplus assets of the Company *remaining after payment of its liabilities, costs and expenses shall be distributed among the* holders of ordinary shares in proportion to the numbers of ordinary shares held by them, provided that, after the sum of £10,000 has been paid in respect of each ordinary share, the next £100 of any remaining balance shall be distributed among the holders of the deferred shares in proportion to the numbers of deferred shares held by them in full satisfaction of their rights in respect of such surplus.

Voting

The holders of deferred shares shall not in that capacity have any right to receive notice of or to attend meetings of the Company and the deferred shares shall carry no right to vote.

Transfer

None of the restrictions on the transfer of shares shall apply to deferred shares, but the directors of the Company shall instead have absolute discretion whether to approve any proposed transfer of deferred shares and no such transfer shall be made or registered without such approval.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

17. Share capital (continued)

Compulsory Transfer

Compulsory transfer shall not apply to deferred shares, but on completion of a qualifying sale the Purchaser shall be entitled to purchase and be registered as the holder of all the deferred shares in consideration for payment of the sum of £100 which shall be paid to the Company to be held on behalf of the holders of the deferred shares and, if more than one, as nearly as possible in proportion to their respective holdings.

18. Related party disclosures

Sir Christopher Scott, Bt., Mr Mark Houghton-Berry and Mr Bruce Offergelt are directors of Sand Aire Limited, which received £1,342,103 (2018: £1,395,984) from Stramongate S.A. with respect to investment management and administration services provided. At the year end £340,522 (2018: £336,576) of this total was yet to be received.

During the year the Company paid £nil (2018: £16,471) to Mr Stephen Cooke and £nil (2018: £53,529) to the CFG Pension Scheme of which Mr Stephen Cooke is the sole beneficiary in relation to deferred consideration on the acquisition of 85% of the share capital of Carvetian Capital Management Limited. Mr Stephen Cooke is a director of Carvetian Capital Management Limited.

During 2017 the Company made a strategic investment to acquire a 24% stake in Mount Kendal Limited for £36,000. In addition the Company has provided a loan of £66,000 (2018: £48,000) to Mount Kendal which is repayable on demand. During 2019 the decision was taken to exit from the business and the investment was impaired to £nil and the loan was written off. Mr F Alexander Scott is a director of Mount Kendal Limited.

During 2017 the Company acquired 140,000 redeemable deferred shares and 3 ordinary shares in Horizons Next Gen Limited. The Company has provided a loan of £72,376 (2018: £54,876) which remains outstanding at 31 December 2019. Mr Kydd Boyle, who is a director of Horizons Next Gen Limited, is a shareholder in Applerigg Limited.

During the year Sand Aire Limited provided Real Estate advice to Mr Alexander Scott. A fee of £7,000 was charged.

During the year Sand Aire Limited received £142,862 (2018: £149,251) under an investment management agreement from Mr Mark Houghton-Berry. At the year end £43,020 (2018: £34,265) of this total was yet to be received.

During the year Sand Aire Limited received £2,420 (2018: £2,645) under an investment management agreement from Mr Christopher Scott. At the year end £2,420 (2018: £1,949) of this total was yet to be received.

During the year Sand Aire (Singapore) (Pte.) Ltd received US\$7,849 under an investment management agreement from Fontenoy Holdings Limited. Mr Michael Coleman is an ultimate beneficiary of the company. Sand Aire (Singapore) (Pte.) Ltd also received US\$13,736 under an investment management agreement from Mr Michael Coleman. Mr Michael Coleman is a director of Sand Aire (Singapore) (Pte.) Ltd.

Applerigg Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

19. Contingent liabilities

The Company has agreed to act as 'Authorised Guarantor' for the rent on the lease for the premises that Yealand Administration Limited has entered into an arrangement with Anglo Scandinavian Estates III LLP who is the owner of the building. The contingent liability is £75,583 (2018: £75,583).

20. Pensions

During the year 81 (2018 :75) staff participated in defined contribution pension schemes.

The total pension cost for the Group was £486,402 (2018: £402,469). At the year-end £22,414 (2018: £34,952) of contributions were outstanding and included in creditors. Of this total, £1,003 (2018: £975) represents contributions accrued for employees who have not joined a pension scheme at year end.

21. Long Term Incentive Plan

The Long Term Incentive Plan ("LTIP") was introduced by Sand Aire Limited in 2009 and was wound up in 2015.

The partly paid shares in issue as at 31 December 2019 are held by the Company.

	2019		2018	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Part paid shares subject to vesting held at the beginning of the year	40,889	£5.15	40,889	£5.15
Issued during the year	-	-	-	-
Made fully paid during the year	-	-	-	-
Part paid shares subject to vesting held at the end of the year	40,889	£5.15	40,889	£5.15

During 2018 Sand Aire Limited introduced a new LTIP scheme. During 2018 Sand Aire Limited issued 445,000 of 'A' ordinary shares at 1p each. The shares will vest as to one-third on the first anniversary of their date of acquisition, as to one third after the second anniversary and as to the balance on the third anniversary. One year after the shares have fully vested and each subsequent year up to 25% of the initial allocation can be offered for sale at the prevailing market value. The shares can only be sold if the price is 9.3% above their initial value at the end of the three year period.

22. Post balance sheet events

On 9 March 2020 the Company wrote to its shareholders with proposals that Stramongate be issued with ordinary shares (the "Capitalisation Shares") in consideration for Stramongate agreeing to release the Company from its obligation to repay the principal amount of the loan drawn down under the arrangement signed on 27 July 2016 together with all unpaid accrued interest. The proposals also included that the Company would have a Buyback Option to purchase all or part of the Capitalisation Shares within two years of the issue date. After the Company received completed Written Resolutions from the required number of shareholders to approve the resolutions 113,455,110 ordinary shares were issued as the Capitalisation Shares on 27 March 2020. The associated Loan Capitalisation and Buyback Option Agreements were signed by the Company and Stramongate on the same date.

On 17 April 2020 the Company signed an agreement relating to the sale of its shares and assignment of its loan relating to Mount Kendal Limited. Both the investment and loan values had been written down as at 31 December 2019.

As noted in the Strategic Report, the entire world has been affected by COVID-19 in the early months of 2020. The significant initial fall in all stock markets across the globe and the subsequent volatility as all economies struggle with the challenges of COVID-19 has had an impact on the revenues of the Group. The Group's operating businesses have considered a number of scenarios to model the impact of the reduction of income upon profitability, cash flows and liquidity and identified the appropriate adjustments to expenditure that are being made to manage and mitigate the impact. At the date of this report, the Company and its operating businesses were operating efficiently and effectively and providing a continuing service to all stakeholders - clients, staff and shareholders.

23. Ultimate Controlling Party

The shares of Applerigg Limited are held directly and indirectly on behalf of the descendants of Sir James William Scott, who are considered to be the Ultimate Controlling Party.