

Company Registration No. 11939535 (England and Wales)

DEVON EQUITY MANAGEMENT LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

DEVON EQUITY MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	A Darwall A Emo S Troughton R Pavry
Company number	11939535
Registered office	123 Victoria Street London SW1E 6DE United Kingdom
Auditor	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER United Kingdom

DEVON EQUITY MANAGEMENT LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 23

DEVON EQUITY MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The company's strategy is, over time, to build a diversified boutique fund management business.

Our primary objective for the future of the business is to focus on delivering superior and sustainable investment performance to our investors.

Fair review of the business

The directors are satisfied that the results of the underlying business for the year are broadly in line with their expectations.

Revenues during the period were £11,979,598 (2020: £8,152,864). The company received management fees from European Opportunities Trust PLC, from its segregated institutional client and from both the European Opportunities and Global Opportunities sub-funds of Devon Equity Funds, a Luxembourg 'umbrella' SICAV which was launched in February 2020.

The company's revenues increased during the year as a result of the organic growth in assets under management and the receipt, in 2021, of full management fees from European Opportunities Trust PLC following the transitional arrangements which applied to its fees in the first half of 2020. The broader increase in assets under management was driven by stronger markets for equities in 2021.

Dividends declared and paid in the year totalled £5,300,000 (2020: £nil).

Key Performance Indicator

The directors consider that management fee revenues disclosed above represent the company's key performance indicator in relation to the financial period under review.

Principal risks and uncertainties

Devon, like all companies, faces a range of risks and uncertainties, both internal and external. We assess risks on an ongoing basis and implement controls to eliminate or reduce the risk to an acceptable level where appropriate. We are also required by our FCA authorisation to have risk identification and control documentation and processes, and we are subject to annual inspection and testing by Fundrock, the AIFM to our investment trust and SICAV clients.

The following are the main areas of risk and how we are mitigating them:

Economic, political and regulatory risks

Like all fund management companies, we are at risk of a general downturn in world economies and stock markets that might affect the companies in which we invest.

We mitigate these risks by having fund management personnel who have a track record of successful investment in all economic and market conditions, and whose investment processes have proven successful over time.

Devon has implemented a comprehensive risk and compliance framework to ensure it meets its regulatory obligations. This includes horizon scanning to identify all future in-scope regulation.

The directors are continuously reviewing known economic, political and regulatory risks and watching for new risks, so that we can be proactive in addressing them in a controlled and timely manner.

Foreign exchange risk

The Company earns fees in Swiss francs from its segregated institutional client. The Company's policy is to hold only a minimum amount of currency to cover operational needs and therefore converts foreign currency into Sterling upon receipt. Direct exposure is therefore limited to the short-term outstanding currency fee debts at any time. The Company does not hedge this risk.

Interest rate risk

The Company has no interest-bearing debt. The Company is only exposed to interest rate risk in the level of return it earns on its cash deposits (currently nil).

Credit risk

The Company is directly exposed to credit risk in the placement of its cash deposits. The Company's policy is to place deposits only with financial institutions which satisfy minimum ratings and other criteria set by the board from time to time. All such cash deposits are currently placed with HSBC.

DEVON EQUITY MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Keyman risk

Our main operational risk is the risk of losing fund management personnel. We have mitigated that risk by taking steps to ensure we have proper succession planning in place and to ensure that the business is not dependent for its success on any one person or client.

Market risk

The Company operates in a competitive environment and the business is reliant on continuing demand for its investment products, which is influenced by several factors including investment performance and retention of key personnel. The industry is sensitive to economic, political and market factors.

The whole of the company's assets under management are invested in equities and therefore the Company's profits are sensitive to fluctuations in equity markets.

Taxation, legal and regulatory factors also influence the markets in which the Company operates. The industry is highly regulated and change in laws and regulations governing the industry could have an adverse effect on the Company.

Covid-19

The company has managed its risks successfully in respect of the pandemic in 2021. Our operating platform is designed to support flexibility for home and office-based working, which has enabled Devon to operate without disruption.

Section 172(1) statement

Section 414CZA(1) of the Companies Act 2006 requires the directors to explain how they considered the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('S172 (1)') when performing their duty to promote the success of the company. When making decisions, each director ensures that they act in the way that would most likely promote the company's success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following matters:

(a) The likely consequences of any decision in the long term

The directors understand the business and the evolving environment in which the company operates, including the challenges of operating in a regulated sector.

Under the employment terms of Mr Darwall's departure from Jupiter in November 2019 it was agreed that Devon would not offer his European equities investment strategy in open ended format to retail or certain other investors for a period of two years. Accordingly, Devon established a RAIF in 2020, Devon Equity Funds, which was restricted to institutional investors only, but in all other respects identical to the UCITS strategy which they had formerly run at Jupiter.

The two-year non-competition period with Jupiter concluded in November 2021 and the planned conversion of the SICAV to UCITS format in 2022 is intended and expected to broaden and diversify its investor base.

The two sub-funds of SICAV have each been operated strictly as if it were a UCITS since launch, with the European Opportunities sub-fund representing the same consistent investment strategy that has been run in Luxembourg UCITS format by Mr Darwall since 2007.

(b) The interests of the company's employees

The directors recognise that the success of the business depends on attracting, retaining and motivating high quality employees. The directors take into account the implications of decisions which may affect their perception as a responsible employer, on determining remuneration and benefits, and on providing a healthy and safe workplace environment, where relevant.

All employees have been engaged on competitive terms in relation to reward and benefits, measured by reference to comparable roles elsewhere. The board has resolved to implement a formal annual review process for each employee in the new financial year so as create an opportunity for engagement and feedback between the directors and employees.

(c) The need to foster the company's business relationships with suppliers, customers and others

The directors seek to promote strong mutually beneficial relationships with suppliers, customers, the regulators and authorities. Such general principles are critical in the delivery of the company's strategy.

Strong relationships have been established or novated in the context of the company's launch with all key service providers to the company and its clients. These have been engaged on reasonable commercial terms with the intention of fostering long term relationships with the parties concerned. The company has, notably, been successful in recreating substantially the same availability of investment research and corporate access as that which was available to the investment team at their former employer.

DEVON EQUITY MANAGEMENT LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

The investment team continue to engage with both existing and prospective investors in the investment trust, the SICAV and with the trustees for the company's segregated investment mandate. These meetings, and related marketing activities, have been critical to ensuring their continued support under the company's new management.

Relations with the regulator have been constructive and the board was pleased to receive authorisation from the FCA to act as AIFM for its clients during the year under review, representing a significant enhancement to its regulated status.

(d) The impact of the company's operations on the community and the environment

The company is committed to understanding the interests of these stakeholder groups. The directors receive information on these topics on a periodic basis to provide relevant information for specific board decisions.

During the year under review the company has published updated environment, social and governance (ESG) policies and its policies on engagement. Consideration of these matters forms part of the standing agenda for the company's board meetings. In addition, Devon continues to be a signatory to the internationally recognised PRI standard.

(e) The desirability of the company maintaining a reputation for high standards of business conduct

The directors recognise the importance of acting in ways which promote high standards of business conduct. The board periodically reviews and approves clear operating frameworks, as set out in its published policies, its compliance manual and in its internal procedural codes to ensure that its high standards are maintained both within the businesses and the business relationships the company has with stakeholders. The directors intend that these policies and values should be embedded within the culture of the business.

(f) The need to act fairly as between members of the company

The directors aim to act fairly as between the company's members when delivering the company's strategy.

The company had three members during the year under review. Measures are codified in the company's articles of association to protect the interests of minority holders.

On behalf of the board

R Pavry
Director
26 April 2022

DEVON EQUITY MANAGEMENT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

Our primary objective for the future of the business is to continue to focus on delivering good investment performance for our investors, so that they continue to entrust their money to us and possibly contribute more in future.

It continues to be the Directors' longer-term intention to grow the business by adding funds with different investment mandates so we can attract investors who have different needs from investors in our existing funds.

In the shorter term, the corporate goal is to increase the assets under management in the existing funds.

Price risk, credit risk, liquidity risk and cash flow risk

Refer to the Strategic Report for details of the Company's principal risks.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Darwall
A Emo
S Troughton
R Pavry

Auditor

In accordance with the company's articles, a resolution proposing that HW Fisher LLP be reappointed as auditor of the company will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Post balance sheet event

A £950,000 dividend was paid to the shareholders on 18 January 2022. In January 2022, 103,449 new shares were allotted to the directors at an aggregate nominal amount of £1,034.49.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going Concern

The directors are confident that the company is well placed and has adequate resources to manage its financial position, operations, clients and investments within the funds we operate for the foreseeable future. The directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing these annual financial statements.

DEVON EQUITY MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

R Pavry
Director

26 April 2022

DEVON EQUITY MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

DEVON EQUITY MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEVON EQUITY MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Devon Equity Management Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

DEVON EQUITY MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DEVON EQUITY MANAGEMENT LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006 and the FCA's CASS regulations.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the company board minutes, for discussions of irregularities including fraud.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Reviewing and challenging assumptions and judgements used by management in their significant accounting estimates.

DEVON EQUITY MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DEVON EQUITY MANAGEMENT LIMITED

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. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

A further description of our responsibilities is available on 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 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.

Gilles Siow (Senior Statutory Auditor)

For and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

26 April 2022

DEVON EQUITY MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	11,979,598	8,152,864
Administrative expenses		(6,176,357)	(4,560,992)
Operating profit	4	5,803,231	3,591,872
Interest payable and similar expenses	8	(64,073)	(169,582)
Gain/(loss) on investments	9	852,563	(22,057)
Profit before taxation		6,591,721	3,400,233
Tax on profit	10	(1,400,000)	(633,173)
Profit for the financial year		5,191,721	2,767,060

The profit and loss account has been prepared on the basis that all operations are continuing operations.

DEVON EQUITY MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12		20,927		41,608
Investments	13		-		4,513,430
			<u>20,927</u>		<u>4,555,038</u>
Current assets					
Debtors	14	1,985,662		1,855,170	
Cash at bank and in hand		3,758,671		1,988,847	
		<u>5,744,333</u>		<u>3,844,017</u>	
Creditors: amounts falling due within one year	15	<u>(2,179,624)</u>		<u>(4,709,331)</u>	
Net current assets/(liabilities)			<u>3,564,709</u>		<u>(865,314)</u>
Total assets less current liabilities			<u>3,585,636</u>		<u>3,689,724</u>
Provisions for liabilities					
Deferred tax liability	16	<u>8,382</u>	<u>(8,382)</u>	<u>4,191</u>	<u>(4,191)</u>
Net assets			<u><u>3,577,254</u></u>		<u><u>3,685,533</u></u>
Capital and reserves					
Called up share capital	18		1,000,000		1,000,000
Profit and loss reserves			<u>2,577,254</u>		<u>2,685,533</u>
Total equity			<u><u>3,577,254</u></u>		<u><u>3,685,533</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 April 2022 and are signed on its behalf by:

R Pavry
Director

Company Registration No. 11939535

DEVON EQUITY MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2020		1,000,000	(81,527)	918,473
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	2,767,060	2,767,060
Balance at 31 December 2020		1,000,000	2,685,533	3,685,533
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	5,191,721	5,191,721
Dividends	11	-	(5,300,000)	(5,300,000)
Balance at 31 December 2021		1,000,000	2,577,254	3,577,254

DEVON EQUITY MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	23	5,899,617		3,030,225	
Interest paid		(64,073)		(169,582)	
Income taxes paid		(628,982)		-	
Net cash inflow from operating activities		5,206,562		2,860,643	
Investing activities					
Purchase of tangible fixed assets		(2,731)		(4,191)	
Purchase of investments		-		(4,535,487)	
Proceeds on disposal of investments		4,362,000		-	
Net cash generated from/(used in) investing activities		4,359,269		(4,539,678)	
Financing activities					
(Repayment)/proceeds of loans from directors		(2,496,007)		2,900,800	
Dividends paid		(5,300,000)		-	
Net cash (used in)/generated from financing activities		(7,796,007)		2,900,800	
Net increase in cash and cash equivalents		1,769,824		1,221,765	
Cash and cash equivalents at beginning of year		1,988,847		767,082	
Cash and cash equivalents at end of year		3,758,671		1,988,847	

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Devon Equity Management Limited is a private company, limited by shares, registered in England and Wales. The registered office address is 123 Victoria Street, London, SW1E 6DE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal account policies are set out below.

1.2 Going concern

The directors have considered the effect of the on-going Covid-19 outbreak and also the war in Ukraine which began in February 2022. The directors consider that, although these events have caused disruption to the company's business, they are confident that the company can continue as a going concern for a period of at least twelve months from the date approval of these financial statements. The directors are also confident that the company will meet the capital resource and liquid fund requirements. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

1.3 Turnover

Turnover, being investment management fees, comprises the fair value of the consideration received or receivable for the service provided in the ordinary course of the company's activities. Fees are calculated monthly as a percentage of assets under management. Turnover is shown net of sales/value added tax, returns rebates and discounts.

1.4 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment	straight line over 3 years
--------------------	----------------------------

1.5 Investments

Investments comprise investments in listed and unlisted shares which are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised at fair value through profit or loss.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

1.8 Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straightline basis over the period of the lease.

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.9 Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period which they relate.

1.10 Trade Receivables

Trade receivables for performance obligations satisfied over time are recognised gradually, as the performance obligation is satisfied and in full once the invoice is due.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any judgements or key sources of estimation uncertainty during the year.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Fees receivable	11,979,598	8,152,864

	2021	2020
	£	£
Turnover analysed by geographical market		
UK	8,296,673	5,210,595
Europe	3,682,925	2,942,269
	11,979,598	8,152,864

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(3,338)	63,095
Depreciation of owned tangible fixed assets	23,412	22,188
Operating lease charges	233,287	230,434

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Auditor's remuneration		
	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	12,500	10,750
	<u> </u>	<u> </u>
For other services		
Audit-related assurance services	1,350	1,250
All other non-audit services	1,450	1,250
	<u> </u>	<u> </u>
	2,800	2,500
	<u> </u>	<u> </u>
6 Employees		
The average monthly number of persons (including directors) employed by the company during the year was:		
	2021	2020
	Number	Number
Administration and support	9	9
	<u> </u>	<u> </u>
Their aggregate remuneration comprised:		
	2021	2020
	£	£
Wages and salaries	3,596,475	2,214,146
Social security costs	489,434	295,224
Pension costs	36,092	60,252
	<u> </u>	<u> </u>
	4,122,001	2,569,622
	<u> </u>	<u> </u>
7 Directors' remuneration		
	2021	2020
	£	£
Remuneration for qualifying services	2,397,224	1,186,000
Company pension contributions to defined contribution schemes	6,000	13,048
	<u> </u>	<u> </u>
	2,403,224	1,199,048
	<u> </u>	<u> </u>

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7	Directors' remuneration	(Continued)	
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2021	2020
		£	£
	Remuneration for qualifying services	1,474,000	641,000
		<u> </u>	<u> </u>
8	Interest payable and similar expenses		
		2021	2020
		£	£
	Other finance costs:		
	Other interest payable	64,073	169,582
		<u> </u>	<u> </u>
9	Amounts written off investments		
		2021	2020
		£	£
	Fair value gains/(losses) on financial instruments		
	Change in value of financial assets held at fair value through profit or loss	734,815	(22,057)
	Other gains/(losses)		
	Gain on disposal of fixed asset investments	117,748	-
		<u> </u>	<u> </u>
		852,563	(22,057)
		<u> </u>	<u> </u>
10	Taxation		
		2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	1,395,809	628,982
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	4,191	4,191
		<u> </u>	<u> </u>
	Total tax charge	1,400,000	633,173
		<u> </u>	<u> </u>

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	6,591,721	3,400,233
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,252,427	646,044
Tax effect of expenses that are not deductible in determining taxable profit	-	6,150
Tax effect of utilisation of tax losses not previously recognised	-	(26,631)
Depreciation on assets not qualifying for tax allowances	1,304	3,419
Deferred tax	4,191	4,191
Capital gain	142,078	-
Taxation charge for the year	1,400,000	633,173

11 Dividends

	2021 £	2020 £
Final paid	5,300,000	-

12 Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2021	68,218
Additions	2,731
At 31 December 2021	70,949
Depreciation and impairment	
At 1 January 2021	26,610
Depreciation charged in the year	23,412
At 31 December 2021	50,022
Carrying amount	
At 31 December 2021	20,927
At 31 December 2020	41,608

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Fixed asset investments

	2021 £	2020 £
Listed investments	-	2,819,430
Unlisted investments	-	1,694,000
	<u>-</u>	<u>4,513,430</u>
	<u>-</u>	<u>4,513,430</u>
Listed investments included above:		
Listed investments carrying amount	-	2,819,430
	<u>-</u>	<u>2,819,430</u>

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 January 2021	4,513,430
Valuation changes	734,815
Disposals	(5,248,245)
	<u>-</u>
At 31 December 2021	-
Carrying amount	
At 31 December 2021	-
	<u>-</u>
At 31 December 2020	<u>4,513,430</u>

Listed investments fair value is stated by reference to the listed share price.

Unlisted investments fair value is calculated by the investment managers and reflects the market value of the underlying investments.

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	13,768	37,729
Other debtors	74,811	76,591
Prepayments and accrued income	1,897,083	1,740,850
	<u>1,985,662</u>	<u>1,855,170</u>
	<u>1,985,662</u>	<u>1,855,170</u>

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,947	76,252
Corporation tax	1,395,809	628,982
Social security and other taxes	705,528	443,075
Other creditors	-	3,510,390
Accruals and deferred income	76,340	50,632
	<u>2,179,624</u>	<u>4,709,331</u>

Included within other creditors is £nil for directors' loan account (2020: £3,500,000).

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
	£	£
Balances:		
Accelerated capital allowances	<u>8,382</u>	<u>4,191</u>
Movements in the year:		2021
		£
Liability at 1 January 2021		4,191
Charge to profit or loss		4,191
Liability at 31 December 2021		<u>8,382</u>

17 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>36,092</u>	<u>60,252</u>

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £36,092 (2020: £60,252) of which £6,000 (2020: £13,048) relates to directors contributions.

Contributions totalling £2,476 (2020 £7,760) were payable to the scheme at the end of the year and year included in other creditors.

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
A Ordinary of £1 each	800,000	800,000	800,000	800,000
B Ordinary of £1 each	100,000	100,000	100,000	100,000
C Ordinary of £1 each	100,000	100,000	100,000	100,000
	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

All shares have attached to them full voting rights, dividend and capital distribution (including on winding up) rights and rank pari passu. They do not confer any rights of redemption.

In January 2022, G Ordinary shares were allotted totalling 103,449 shares at an aggregate nominal amount of £1,034. These shares have attached to them full voting rights and capital distribution (including on winding up) rights ranking in priority to the A, B and C Ordinary shares. They have no rights to dividends and do not confer any rights redemption.

19 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	-	148,913
	<u>-</u>	<u>148,913</u>

20 Events after the reporting date

A £950,000 dividend was paid to shareholders on 18 January 2022. In January 2022, 103,449 new shares were allotted to the directors at an aggregate nominal amount of £1,034.49, see note 18.

21 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

Included within creditors is £nil owed to the directors (2020: £3,500,000). The loan of £3,500,000 was repaid during the year - £1,003,993 as in-specie transfer of the company's investment and £2,496,007 as cash. The shares were transferred at above market value resulting in a profit on disposal of £117,748. Interest of £64,073 (2020: £169,582) was charged on the loan during the year.

During the year dividends of £5,300,000 were paid to the directors.

22 Ultimate controlling party

The ultimate controlling party is A F C Darwall.

DEVON EQUITY MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	5,191,721	2,767,060
Adjustments for:		
Taxation charged	1,400,000	633,173
Finance costs	64,073	169,582
Depreciation and impairment of tangible fixed assets	23,412	22,188
Gain on sale of investments	(117,748)	-
Amounts written off investments	(734,815)	22,057
Movements in working capital:		
Increase in debtors	(130,492)	(1,116,950)
Increase in creditors	203,466	533,115
Cash generated from operations	5,899,617	3,030,225

24 Analysis of changes in net funds

	1 January 2021 £	Cash flows 31 December 2021 £	
Cash at bank and in hand	1,988,847	1,769,824	3,758,671

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.