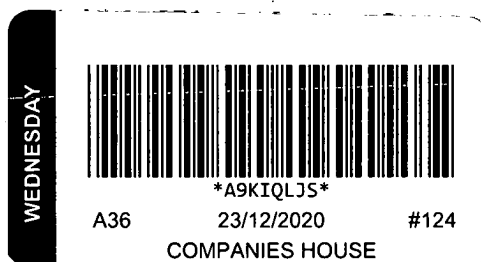


Baker Steel Limited
Annual Report and Financial Statements
For the Year Ended 31 December 2019
Registered number: 04324545



Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

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Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Company Information

Directors:	T D Steel D C Baker P Mukherjee
Registered number:	04324545
Registered office:	34 Dover Street London W1S 4NG
Auditor:	BDO LLP 55 Baker Street London W1U 7EU
Bankers:	Coutts & Co. 440 Strand London WC2R 0QS
Legal advisors:	Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Strategic Report

The Directors present their Strategic Report in respect of Baker Steel Limited ("the Company") for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is the provision of support services to Baker Steel Capital Managers LLP (the "LLP"), a limited liability partnership which is authorised and regulated by the Financial Conduct Authority to provide investment management services to a range of investment vehicles with assets under management of £530m as at 31 December 2019 (2018: £244m). In addition, the Company is a designated member of the LLP and is entitled to a discretionary profit allocation from the LLP for acting in this capacity.

Business review

The results of the Company for the year are shown in the Statement of Comprehensive Income on page 12 and its financial position as at the year end is reported in the Statement of Financial Position on page 13.

The remuneration that the Company receives for the provision of support services to Baker Steel Capital Managers LLP is designed to mirror the costs incurred by the Company in the provision of these services. As such, the Company is not expected to generate a significant profit or loss from operating activities and the costs of the business are considered to be the principal driver of performance.

Administrative expenses increased to £848,803 (2018: £707,872) as a result of additional costs incurred to support the LLP's business initiatives in the year.

Given the straightforward nature of the business, the Directors are of the opinion that a further analysis using other KPIs is not necessary for an understanding of the development, performance or position of the Company.

Principal risks and uncertainties

Given that the Company's revenue is almost entirely derived from Baker Steel Capital Managers LLP, the Company's principal risk is that the LLP will have insufficient resources to be able to pay the Company a support services fee or allocate a share of profits to the Company. Therefore, the Company's risks relate to the credit default and liquidity risks associated with receipt of income on a timely basis from the LLP. These risks are managed through regular dialogue to ensure that the Company maintains sufficient working capital to meet its liabilities as they fall due.

The directors of the Company continue to monitor the operations of the Company following the United Kingdom's withdrawal from the European Union ("Brexit") on 31 January 2020. Between 1 February 2020 and 31 December 2020, the UK will remain in a transitional period under which current rules regarding trade, travel and business will continue to apply. The effects of the UK's departure from the EU are still unknown and will depend on any agreements the U.K. makes to retain access to EU markets either during the transitional period or more permanently. The Company is continuously monitoring and considering the potential implications of these agreements, including how this will affect relationships with existing and future counterparties.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across a significant number of countries and has been classified as a pandemic by the World Health Organisation. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy and the economies of certain nations, including those that the funds invest in, and in which the LLP operates.

Baker Steel Limited
Annual report and financial statements
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Strategic Report (continued)

Although COVID-19 was initially discovered in late 2019, the changes to market conditions caused as a consequence of the outbreak did not exist prior to 31 December 2019 and therefore these conditions are considered non-adjusting post balance sheet events.

Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.

The directors have considered the position of the Company at the date of signing these financial statements and have determined that the Company has access to sufficient cash from the LLP to cover the fixed needs of the business for the following 12 months. The aggregate assets under management of the LLP stood at £530m as at 31 December 2019 (2018: £244m). The LLP has been successful in raising net inflows into its funds of circa €109m since the year end to 31 October 2020. Thus, giving confidence that the LLP has sufficient resources to be able to pay the Company a support services fee and allocate a share of profits to the Company for the following 12 months. The Statement of Financial Position shows that the Company is currently in a net liability position but the largest liability is with Baker Steel Capital Managers (Cayman) Limited (the Company's ultimate parent company) which has made clear its support for the Company and will provide the Company, if required, with the financial support necessary to enable it to meet its liabilities as they fall due.

The Company has successfully enacted business continuity measures which should ensure that it can continue to function with minimal disruption to its business activities. The Company has strong financial and operational controls and key management personnel have substantial experience in business and / or operational management. The directors believe that the Company will be able to continue to function with minimal disruption in the event that one or more of the key management personnel were unable to work as a consequence of COVID-19.

This report was approved by the Board on 18 December 2020 and signed on its behalf by:



P Mukherjee
Director

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Directors' Report

The Directors present their report and the financial statements of the Company for the year ended 31 December 2019.

Results and dividends

The Company made no profit or loss in the year (2018: Nil).

Directors

The Directors who served during the year and up to the date of this report were:

T D Steel
D C Baker
P Mukherjee

Future developments

The Directors do not expect any change in the principal activity of the Company in the foreseeable future.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company and its liquidity position are reflected by the Statement of Financial Position.

Whilst the Company remains dependent on a single source of revenue from the LLP, the directors are not aware of any reason that this agreement will be terminated in the foreseeable future. The nature of the agreement with the LLP provides a high degree of certainty that the Company will continue to have sufficient liquidity to manage its obligations (which are relatively predictable in nature). Based on these factors, the Directors are satisfied that the LLP will have sufficient financial resources and profits to meet the ongoing costs of the Company.

The future profitability of the parent company, Baker Steel Capital Managers (Cayman) Ltd is dependent on the LLP maintaining a consistent level of assets under management. The parent's main source of revenue is a marketing fee that it receives from the LLP which is based on a percentage of net fees received by the LLP on all its investment management and advisory mandates. Whilst the level of assets under management of the LLP is subject to market volatility and to potential investor redemptions, the investor base is well diversified which protects the parent's profitability. The Statement of Financial Position shows that the Company is currently in a net liability position but the largest liability is with Baker Steel Capital Managers (Cayman) Limited (the Company's ultimate parent company) which has made clear its support for the Company and will provide the Company, if required, with the financial support necessary to enable it to meet its liabilities as they fall due.

Given the nature of the business and its activities, the directors also consider that the impact of the coronavirus would not affect the ability of the Company to continue to provide support services to the LLP and therefore continue to generate value in the long-term. The directors confirm that there is no intention to change the business activity or cost base as a result of COVID-19.

Based on these factors, the directors believe that it is appropriate to continue to prepare these financial statements on a going concern basis.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Directors' Report (continued)

Disclosure of information to the auditor


Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

During the year Ernst & Young LLP resigned as auditors and BDO LLP were appointed as auditors for the year ended 31 December 2019. The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 18 December 2020 and signed on its behalf by:



P Mukherjee
Director

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 for the Company's financial statements and then apply them consistently;
- make judgments 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; 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.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Independent auditor's report to the Shareholders of Baker Steel Limited

Opinion

We have audited the financial statements of Baker Steel Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 15, 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its result 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 below. We are independent of the Company in accordance with the ethical requirements in the UK that are relevant to our audit of the financial statements, 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 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.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Independent auditor's report to the Shareholders of Baker Steel Limited (continued)

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability companies 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
- 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 set out on page 8, 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.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Independent auditor's report to the Shareholders of Baker Steel Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <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.

BDO UK

Vanessa-Jayne Bradley (Senior statutory auditor)
For and on behalf of BDO UK LLP, Statutory Auditor
55 Baker Street
London
W1U 7EU
18 December 2020

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

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Statement of Comprehensive Income
For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	847,205	707,961
Administrative expenses		(848,803)	(707,872)
Operating profit		<u>(1,598)</u>	<u>89</u>
Unrealised (loss)/gain on revaluation of investments		1,598	(89)
Profit before tax		<u>-</u>	<u>-</u>
Tax for the year	6	-	-
Profit for the year		<u><u>-</u></u>	<u><u>-</u></u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2019 (2018: £ nil).

The notes on pages 16 to 26 form part of these financial statements.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Registered Number 04324545

Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	7	24,887	32,055
Investments	8	356,166	354,309
		<u>381,053</u>	<u>386,364</u>
Current assets			
Debtors: amounts falling due within one year	9	272,593	228,038
Cash and cash equivalents	10	67,613	42,134
		<u>340,206</u>	<u>270,172</u>
Creditors: amounts falling due within one year	11	(784,965)	(720,242)
Net current liabilities		<u>(444,759)</u>	<u>(450,070)</u>
Net liabilities		<u>(63,706)</u>	<u>(63,706)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account		(63,707)	(63,707)
		<u>(63,706)</u>	<u>(63,706)</u>

The notes on pages 16 to 26 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 18 December 2020 by:



P Mukherjee
Director

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Statement of Changes in Equity
For the year ended 31 December 2019

	Share capital	Profit & loss	Total shareholders' equity
	£	£	£
At 1 January 2018	1	(63,707)	(63,706)
Result for the financial year	-	-	-
At 31 December 2018	<u>1</u>	<u>(63,707)</u>	<u>(63,706)</u>
At 1 January 2019	1	(63,707)	(63,706)
Result for the financial year	-	-	-
At 31 December 2019	<u>1</u>	<u>(63,707)</u>	<u>(63,706)</u>

The notes on pages 16 to 26 form part of these financial statements.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Statement of Cash Flows
For the year ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	-	-
Adjustments for:		
Depreciation of tangible assets	12,368	14,340
Decrease / (Increase) in debtors	(44,555)	10,538
Increase in creditors	64,723	12,957
Net fair value loss/(gain) recognised in the Statement of Comprehensive Income	(1,598)	89
Net cash generated from operating activities	<u>30,938</u>	<u>37,924</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,200)	(7,175)
Purchase of unlisted and other investments	(259)	(289)
Net cash outflow from investing activities	<u>(5,459)</u>	<u>(7,465)</u>
Net increase in cash and cash equivalents	25,479	30,459
Cash and cash equivalents at the beginning of year	<u>42,134</u>	<u>11,675</u>
Cash and cash equivalents at the end of year	<u>67,613</u>	<u>42,134</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>67,613</u></u>	<u><u>42,134</u></u>

The notes on pages 16 to 26 form part of these financial statements.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Notes to the Financial Statements

1. General information

Baker Steel Limited is a company limited by shares and incorporated and domiciled in England. The address of the registered office of the Company is 34 Dover Street, London, W1S 4NG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

2.2 Judgment in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS102 requires management to exercise judgment and apply certain estimates in applying the Company's accounting policies.

Management's judgements and estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the year in which the estimate is revised.

Management are not aware of any other significant judgement or significant sources of estimation or uncertainty in the preparation of the financial statements of the Company.

The Company does not treat Baker Steel Capital Managers LLP ("the LLP") as a subsidiary as it is not deemed to have control over the LLP per the Limited Liability Partnership Deed dated 30 November 2007. These financial statements therefore present information about the Company as an individual undertaking and not as a group.

2.3 Going Concern

The Company has an ongoing business relationship with Baker Steel Capital Managers LLP. The LLP has sufficient financial resources and ongoing investment management contracts. Whilst the Company remains dependent on a single source of revenue from the LLP, the directors are not aware of any reason that this agreement will be terminated in the foreseeable future. The nature of the agreement with the LLP provides a high degree of certainty that the Company will continue to have sufficient liquidity to manage its obligations (which are relatively predictable in nature). The Company is currently in a net liability position but the largest liability is with Baker Steel Capital Managers (Cayman) Limited (the Company's ultimate parent company) which has made clear its support for the Company and will provide the Company, if required, with the financial support necessary to enable it to meet its liabilities as they fall due. The directors have satisfied themselves that the parent, has sufficient financial resources to provide ongoing support to the Company. The parent company has confirmed that it will not call in the balance owed from the Company for at least 12 months from signing the financial statements. Thus, the Directors believe that the Company is well placed to manage its business risks successfully and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of this report.

The Directors have also considered the impact of COVID-19 in their assessment and do not believe this will affect the going concern assumption.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Notes to the Financial Statements

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration receivable, excluding discounts, rebates, value added tax and other sales taxes and is recognised on an accruals basis.

Revenue from support services is recognised on an accruals basis in the period that the management services are performed and are based on the costs of providing that service.

Revenue from profit allocations from the LLP is recognised when the amount of the allocation and the Company's entitlement to the allocation has been authorised.

2.6 Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

2.8 Interest expense

Interest payable is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

2.9 Administrative expenses

Administrative expenses are recognised on an accruals basis in the Statement of Comprehensive Income.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Notes to the Financial Statements

2. Accounting policies (continued)

2.10 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income in the period to which it relates. The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the countries where the Company operates and generates income.

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

- 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 if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

2.11 Tangible assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Any impairment is recognised in the Statement of Comprehensive Income.

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The range of estimated useful lives range is as follows:

Leasehold property and improvements	- 5 years straight line
Fixtures and fittings	- 4 years straight line
Office equipment	- 4 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

No depreciation has been provided for on artwork as the estimated residual value of the asset is not considered to be materially different from the carrying amount.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Notes to the Financial Statements

2. Accounting policies (continued)

2.12 Investments

Investments in unlisted entities, comprise the Company's investment in the LLP. The investment in the LLP is recognised at cost and is reviewed annually for impairment as, in the opinion of the Directors', it is not possible to reliably determine the fair value of this investment. Any impairment charges are recognised within the Statement of Comprehensive Income.

Investments in underlying investment funds managed by the LLP are held at fair value through profit or loss. Fair value gains and losses on re-measurement are recognised in the Statement of Comprehensive Income for the period. Gains/(losses) on the disposal of investments in funds are recognised within the Statement of Comprehensive Income by comparing proceeds against the brought forward fair value from the previous statement of financial position date.

Acquisitions and disposals are recognised on the trade date for the transaction which is considered to be the date on which the benefits and obligations of ownership are transferred.

2.13 Trade and other receivables

Trade receivables are measured at fair value on initial recognition which equates to the amount expected to be receivable on settlement of the asset. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the original carrying amount and the recoverable amount and this difference is recognised in the Statement of Comprehensive Income.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.15 Trade and other payables

Trade payables are initially measured at fair value which approximates to the amount expected to be required to settle the obligations. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

3. Turnover

	2019	2018
	£	£
Profit allocation from Baker Steel Capital Managers LLP	393,334	310,801
Reimbursed expenses from Baker Steel Capital Managers LLP	440,107	370,964
Administration services	13,764	26,196
	<u>847,205</u>	<u>707,961</u>

During the year, £13,764 (2018: £26,196) of the Company's turnover arose from services provided to Baker Steel Capital Managers (Cayman) Limited (the Company's ultimate parent company) a company incorporated and registered in the Cayman Islands.

All other turnover arose from services provided by the Company within the United Kingdom.

Baker Steel Limited
Annual report and financial statements
For the year ended 31 December 2019

Notes to the Financial Statements

4. Operating profit

The operating profit of the Company is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	12,368	14,340
Rent - operating leases	90,516	91,789
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	8,000	10,000
Fees payable to the Company's auditor for taxation services	6,500	6,956

5. Employees

Costs incurred by the Company in the year relating to employees are shown below:

	2019	2018
	£	£
Wages and salaries	195,518	137,600
Social security costs	24,886	14,316
	<u>220,404</u>	<u>151,916</u>

The average number of employees in the Company, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Administration and operations	<u>6</u>	<u>5</u>

The Directors received no remuneration in relation to services provided during the year to 31 December 2019. Consilium Services Europe Limited charges the Company for consultancy fees relating to services provided to the Company by Ms. Mukherjee, details of which are in note 14 on page 25. This charge covers a wide range of services provided to the Company by this entity. The services provided as directors of the Company are considered to be a small proportion of the overall costs incurred by the Company for the services provided. As a result, it is not considered possible to allocate a portion of this overall fee to the services provided as a director.

The other directors of the Company are members of the LLP (either directly or indirectly) and receive remuneration for services provided to this entity in the form of a discretionary profit share. The time involved in the individuals acting as directors of the Company is insignificant relative to the services provided to the LLP. As a result, it is not considered possible to allocate any proportion of this overall remuneration to services provided as directors to the Company.

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6. Taxation

The Company incurred no liabilities in respect of UK corporation tax or foreign tax in the current or prior periods.

Factors affecting tax charge for the year

The tax assessed for the year is the same as the standard rate of Corporation tax in the UK of 19.00% (2018 – 19.00%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	-	(34)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	-	(6)
Effects of:		
Expenses not deductible for tax purposes	1,138	2,509
Income not taxable for tax purposes	(304)	-
Fixed asset differences	1,732	-
Deferred tax not recognised	(40,249)	-
Taxable income from the LLP lower than accounting allocation	37,683	(2,503)
Total tax charge for the year	<u><u>-</u></u>	<u><u>-</u></u>

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7. Tangible assets

	Leasehold property and improvements	Fixtures and fittings	Office and computer equipment	Artwork	Total
Cost	£	£	£	£	£
At 1 January 2019	34,334	41,632	119,635	11,885	207,486
Additions	-	-	5,200	-	5,200
Disposals	-	(38,867)	(91,323)	-	(130,190)
At 31 December 2019	34,334	2,765	33,512	11,885	82,495
Depreciation					
At 1 January 2019	(22,588)	(41,286)	(111,557)	-	(175,431)
Charge for the period	(6,867)	(200)	(5,301)	-	(12,368)
Disposals	-	38,867	91,323	-	130,190
At 31 December 2019	(29,455)	(2,619)	(25,535)	-	(57,609)
Net book value					
At 31 December 2019	4,879	146	7,977	11,885	24,887
At 31 December 2018	11,746	346	8,078	11,885	32,055

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8. Investments

	Unlisted investments	Other investments	Total investments
Cost or valuation	£	£	£
At 1 January 2019	351,000	3,309	354,309
Additions	-	259	259
Disposals	-	-	-
Changes in fair value	-	1,598	1,598
At 31 December 2019	351,000	5,166	356,166

Unlisted investments

The Company is a Designated Member of Baker Steel Capital Managers LLP ("the LLP") a limited liability partnership registered in England and Wales at 34 Dover Street, London W1S 4NG.

The LLP is controlled by the Managing Members, who do not include the Company, and hence the LLP is not consolidated into these financial statements.

Other investments

The Company classifies financial instruments measured at fair value according to the following hierarchy:

- **Level 1 – Quoted prices (unadjusted) from active markets**
The Company holds no Level 1 financial instruments.
- **Level 2 – Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)**
During the year, the Company purchased the following shares in Baker Steel Precious Metals Fund ("BSPM") for a consideration of £259;
 - 1 BSPM Incrementum D EUR class share
 - 1 BSEF S EUR class shares
 - 1 BSEF D2 EUR class shares

At the year end, the Company holds shares valued at £4,937 (2018: £3,309) in Baker Steel Precious Metals Fund ("BSPM") and £229 (2018: £Nil) Baker Steel Electrum Fund ("BSEF"). The investments are valued as the sum of the individual positions valued at base currency. These investments are therefore categorised as Level 2 in the Fair Value Hierarchy.

- **Level 3 – Inputs that are not based on observable market data**
The Company holds no Level 3 financial instruments.

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9. Debtors

	2019	2018
	£	£
Trade debtors	4,469	27,469
Amounts due from Baker Steel Capital Managers (Cayman) Limited	2,294	23,364
Social security and other taxes	-	4,985
Amounts due from Baker Steel Capital Managers LLP	211,220	115,653
Prepayments	54,580	54,176
Other debtors	30	2,391
	<u>272,593</u>	<u>228,038</u>

10. Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	<u>67,613</u>	<u>42,134</u>

11. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	44,989	33,617
Amounts owed to Baker Steel Capital Managers (Cayman) Limited	612,996	614,189
Taxation and social security	3,979	4,842
Other creditors	5,641	13,072
Accruals	117,360	54,522
	<u>784,965</u>	<u>720,242</u>

£247,996 (2018: £249,189) of the amount owed to Baker Steel Capital Managers (Cayman) Limited is unsecured, interest free and repayable on demand.

£350,000 of the balance owed to Baker Steel Capital Managers (Cayman) Limited represents an amount drawn on a loan to the Company which attracted interest at a rate of 5% per annum up to September 2017. Interest on the loan was waived thereafter. Also included within "Amounts owed to BSCM (Cayman)" is interest of £15,000 which has been accrued on the loan to 31 December 2018. The loan is unsecured and repayable on demand.

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12. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

13. Commitments under operating leases

At 31 December 2019, the Company had total future minimum lease payments under non-cancellable operating leases falling due for payment as follows:

	2019	2018
	£	£
Amounts due in:		
Not later than 1 year	82,526	153,505
Total	82,526	153,505

In September 2020, the Company renewed the lease on its office premises at an annual cost of £92,000 from 10 September for 5 years.

14. Related party transactions

At the year end the Company owed Baker Steel Capital Managers (Cayman) Limited, the parent undertaking £612,996 (2018: £614,189) which is composed of £247,996 (2018: £249,189) working capital advanced by Baker Steel Capital Managers (Cayman) Limited to the Company and £350,000 (2018: £350,000) drawn down against a loan facility from Baker Steel Capital Managers (Cayman) Limited on which interest of £15,000 (2018: £15,000) has been accrued. The loan has no fixed repayment term and attracted interest at a rate of 5% per annum up to September 2017. No interest has been accrued in the year. Interest of £15,000 was accrued to 31 December 2018 and is included in the balance owed to Baker Steel Capital Managers (Cayman) Limited. At the year end, the Company is owed £2,004 (2018: £811) from BSCM Cayman Limited in respect of expenses paid by the Company on behalf of its parent and owes £250,000 to its parent in respect of working capital advanced to it (net £247,996). The balance of £612,996 (2018: £614,189) is included in creditors and disclosed in note 11.

During the year, the Company charged £13,764 (2018: £26,196) in respect of accounting, administration and compliance work carried out by the Company for Baker Steel Capital Managers (Cayman) Limited in 2019. £2,294 (2018: £23,364) remains outstanding at the year end and is disclosed in note 9.

The Company is a Designated Member of Baker Steel Capital Managers LLP, a UK Limited Liability Partnership. Under the terms of the Partnership Agreement the Company is entitled to an allocation of profits from the LLP and reimbursement of expenses. During the year, the LLP allocated £393,334 (2018: £310,801) of profits to the Company and reimbursed the Company for service costs of £440,107 (2018: £370,964).

At the year end the LLP owed the Company £211,220, which is disclosed in debtors in note 9 (2018: £115,653). The investment held by the Company in the LLP is shown in note 8, there was no movement in the carrying value of the investment during the year.

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14. Related party transactions (continued)

Ms Mukherjee, a director of the Company, is also a director of Consilium Services Europe Limited. During the year, Consilium Services Europe Limited provided consultancy services to the Company for a cost of £121,257 (2018: £81,369). At the year end, fees of £48,406 (2018: £22,726) were accrued for Consilium Services Europe Limited, this amount is disclosed within accruals in note 11. Invoices of £15,326 remained outstanding and due to Consilium Services Europe Limited at the balance sheet date, this amount is disclosed within trade creditors in note 11.

The directors are considered to be the only individuals acting on behalf of the Company who meet the definition of the management personnel. Details of directors remuneration is shown in note 5.

During the year, the Company recharged costs of £350 and £4,119 to Polar Acquisition Limited, a company incorporated in the British Virgin Islands and to Cemos Group PLC, a company incorporated in Jersey, Channel Islands respectively. Mr Steel, a director of the Company is also a director of Polar Acquisition Limited and Cemos Group PLC.

15. Controlling party

The Directors regard Baker Steel Capital Managers (Cayman) Limited, a company incorporated in the Cayman Islands, to be the ultimate parent undertaking and the controlling party of the Company.

The registered office of this entity is Ugland House, 113 South Church Street, George Town, Grand Cayman, Cayman Islands.