

The Cayzer Trust Company Limited

Directors' Report and Financial Statements

Year ended 31 March 2020

The Cayzer Trust Company Limited

Directors' Report

Directors

The Hon Charles Cayzer (Chairman)
The Hon Mrs Gilmour
James MB Cayzer-Colvin
William P Wyatt
Roseanna N Leslie
Dominic V Gibbs
James PL Davis
Sonia C Barry (appointed 1 April 2019)
Graeme P Denison (appointed 1 April 2020)

Secretary

Sonia C Barry

Registered Office

Cayzer House
30 Buckingham Gate
London
SW1E 6NN

The directors present their report and the audited financial statements for the year to 31 March 2020.

Results and Dividend

The result for the year ended 31 March 2020, after taxation, amounted to a profit of £9.9m (2019 – £13.8m). An interim dividend of 2.9p per ordinary share was paid on 5 June 2020, in respect of the period of account ended 31 March 2020.

Statement of directors' responsibilities

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

Company law requires 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), including FRS 102 The Financial Reporting Standard applicable to 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 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;
- 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.

The Cayzer Trust Company Limited

Directors' Report

Statement of directors' responsibilities (continued)

Directors and their interests

The directors of the Company are listed above and all of the directors served throughout the year, unless otherwise stated. In accordance with the articles of association, Dominic Gibbs and Roseanna Leslie retired by rotation and, being eligible, offered themselves for re-election and were re-elected in December 2019. Sonia Barry offered herself for election and was elected in December 2019.

The Hon Charles Cayzer, James Cayzer-Colvin and James Davis retire from the Company's board by rotation at the Company's forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. Graeme Denison was appointed a director of the Company on 1 April 2020 and will offer himself for election.

The interests of the directors and their families in the ordinary 1p shares of the Company at 31 March 2020 are shown below.

	Beneficial	Non Beneficial
The Hon Charles Cayzer	3,796,519	1,370,823*
James Cayzer-Colvin	16,733,353	37,682*
Roseanna N Leslie	16,747,997	1,982,337*
James PL Davis	NIL	NIL
Dominic V Gibbs	29,054**	50,178,473*
The Hon Mrs Gilmour	6,542,647**	11,958,795*
William P Wyatt	21,942,065***	2,833,017*
Sonia C Barry	NIL	10,913,065*

*Includes interests held by other directors arising through co-trusteeships

**Includes interests arising through a directorship of The Cayzer Family Archive

*** The beneficial interests of WP Wyatt included 17,609,202 Cayzer Trust shares owned by the Dunchurch Lodge Stud Company, a company controlled by Mr Wyatt and certain of his connected persons.

Disclosure of information to the 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditor

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as the auditor of the Company.

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

D V Gibbs

Director

Date: 21 July 2020

The Cayzer Trust Company Limited

Strategic Report

The directors present the Strategic Report for The Cayzer Trust Company Limited for the year ended 31 March 2020.

Principal activity

The principal activity of the Company during the year continued to be that of an investment holding company, and this is intended to continue for the foreseeable future.

Covid-19

The Company moved quickly to anticipate the introduction by the Government of social distancing measures from mid-March 2020 onwards, and in consequence already had measures in place to enable its executive directors and staff to work effectively from home. Although a prolonged period of remote working has inevitably posed both personal and professional challenges, the Company's staff have responded exceptionally well such that the Company's day-to-day operations have continued largely unimpeded. The directors are pleased to report that, as at the date hereof, all of the Company's staff, and their families, remain well.

Business review

As noted in the Directors' Report, the result for the year ended 31 March 2020, after taxation, amounted to a profit of £9.9m (2019 - £13.8m). This result includes an unrealised loss of £7.2m on the fair value of investments as at the year end in consequence of the general weakness of public markets due to uncertainties over Covid-19. As at the date of this Strategic Report, public markets have significantly recovered, reflecting the difficulty of taking snapshots such as these in periods of market volatility and rapidly-fluctuating valuations.

As at 31 March 2020, the Company's principal investment was a 34.84% (2019 - 35.17%) interest in Caledonia Investments plc ("Caledonia"), an approved investment trust. The market value of the holding in Caledonia at 31 March 2020 was £469.8m (2019 - £580.3m).

Dividends received from Caledonia contributed income of £11.6m (2019 - £11.2m). During the year, the Company paid ordinary dividends of £10.6m (2019 - £10.2m).

Employee, community and social issues

The Company encourages its employees to develop their professional skills, and will invest in appropriate training and study support in the context of agreed programmes of professional development.

During the year political contributions of £61,000 (2019 - £34,725) were made to the Conservative Party. The Company also made charitable donations during the year amounting to £91,004 (2019 - £107,750), including donations of £48,504 (2019 - £74,000) to the Cayzer Family Archive.

Investment activity and future developments

During the year the Company sold shares in Caledonia to the Caledonia Employee Share Trust ("the EST"), to help ensure the ability of the EST to honour its obligations to Caledonia executives under performance incentive arrangements. Further Caledonia shares were sold into the market to facilitate a modest expansion and diversification of the Company's non-core portfolio. Such transactions notwithstanding, the directors propose to continue to maintain the Company's strategic stake in Caledonia for the long term.

In general terms, the Takeover Panel considers all descendants of Sir Charles Cayzer, 1st Baronet, their close relatives and the EST to be acting "in concert", and the Concert Party is defined accordingly. The City Code on Takeovers and Mergers imposes very substantial restrictions on members of the Cayzer Family Concert Party who wish to purchase shares in Caledonia.

In addition to the strategic holding in Caledonia, the Company continues to maintain a separate non-core portfolio. These investments are made both directly by the Company, and indirectly through externally-managed funds. The majority of these holdings are highly liquid. During the year the Company re-weighted its portfolio away from underlying equity investments in favour of fixed income securities and other investments having absolute return characteristics. Accordingly, although the value of the Company's portfolio was adversely impacted by the general decline in the valuations of public markets during the second half of March, the impact was felt less severely than might otherwise have been the case.

The Cayzer Trust Company Limited

Strategic Report

Principal risks and uncertainties

As noted above, the directors propose that the Company should continue to hold the stake in Caledonia for the long term. In consequence, the Company's financial position will for the foreseeable future remain closely linked to that of its principal investment, such that its risks and prospects will substantially mirror those of Caledonia.

The principal risks and uncertainties pertaining to Caledonia are disclosed on pages 32- 33 of its published report and accounts for the year ended 31 March 2020, which has been filed with the Registrar of Companies. A copy is also available on Caledonia's website at www.caledonia.com. Despite the extreme difficulties posed by the Covid-19 social distancing measures for certain of Caledonia's investee companies operating in particular in the leisure sector, the Company's directors are confident that Caledonia's strong balance sheet will equip it well to surmount these challenges.

The potential Covid-19 operational risks and uncertainties have been commented upon earlier in this report. Other potential market and investment risks on the investment portfolio separate from Caledonia around market movements are regularly reviewed and as already mentioned have been somewhat mitigated by the re-weighting of the portfolio towards fixed income and absolute return investments.

Going concern

The Company's business activities, together with factors likely to affect its future development, financial position, and financial risk management objectives have been described in the foregoing remarks, along with consideration of the affects of Covid-19. The Company has no external borrowings and considerable financial resources very significantly in excess of its liabilities. As a consequence, the directors believe the Company is well placed to manage its business risks. After considering the matter, the directors have concluded that the Company has ample resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

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



D V Gibbs

Director

Date: 21 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF The Cayzer Trust Company Limited

Opinion

We have audited the financial statements of The Cayzer Trust Company Limited for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 company's affairs as at 31 March 2020 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 below. 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

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.

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 directors' report have been prepared in accordance with applicable legal requirements.

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 or directors' report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF The Cayzer Trust Company Limited (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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.

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

Matthew Price (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

July 2020

The Cayzer Trust Company Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

	Note	2020 £	2019 £
Income from investments	2	13,252,374	12,974,218
Interest received		360,342	272,417
Fee and other income		259,945	252,422
Administrative expenses	3	(1,244,768)	(999,833)
Operating profit		12,627,893	12,499,224
Gain on investment disposals		4,462,211	1,240,345
Net (losses) / gains on financial investments at fair value	9(c)	(7,185,662)	48,524
Profit on ordinary activities before taxation		9,904,442	13,788,093
Tax on profit on ordinary activities	6	—	—
Profit on ordinary activities after taxation		9,904,442	13,788,093
Other comprehensive income		—	—
Total comprehensive income for the year		9,904,442	13,788,093

All items in the above statement derive from continuing operations.

The notes on pages 11 to 18 form an integral part of these financial statements.

The Cayzer Trust Company Limited
STATEMENT OF FINANCIAL POSITION
at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	8	68,000	71,704
Investments	9	273,169,200	283,381,025
Receivables	10	2,500,000	2,500,000
		<u>275,737,200</u>	<u>285,952,729</u>
Current assets			
Receivables	10	660,571	557,318
Cash and cash equivalents	11	18,144,512	8,788,945
		<u>18,805,083</u>	<u>9,346,263</u>
Creditors			
Amounts falling due within one year	12	(78,555)	(87,732)
Provisions	13	(250,000)	—
		<u>18,476,528</u>	<u>9,258,531</u>
Net current assets		<u>18,476,528</u>	<u>9,258,531</u>
Total assets less current liabilities		<u>294,213,728</u>	<u>295,211,260</u>
Provisions	13	—	(292,683)
Net assets		<u>294,213,728</u>	<u>294,918,577</u>
Capital and reserves			
Called up share capital	14	1,263,011	1,263,011
Profit and loss account		292,950,717	293,655,566
Shareholders' funds		<u>294,213,728</u>	<u>294,918,577</u>

Approved by the Board of The Cayzer Trust Company Limited, Registered number 4987694, and signed on its behalf by:



The Hon. C W Cayzer
Director



D V Gibbs
Director

Date: 24 July 2020

The notes on pages 11 to 18 form an integral part of these financial statements.

The Cayzer Trust Company Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2020

	Note	Called up Share Capital	Profit and Loss Account			Total Equity
		£	Investment fair value gains / (losses) £	Other Profits £	Total £	£
Total Equity as at 31 March 2018		1,263,011	7,906,181	282,191,680	290,097,861	291,360,872
Profit from ordinary activities		—	48,524	13,739,569	13,788,093	13,788,093
Dividends paid during the year	7	—	—	(10,230,388)	(10,230,388)	(10,230,388)
Total Equity as at 31 March 2019		1,263,011	7,954,705	285,700,861	293,655,566	294,918,577
Profit from ordinary activities		—	(7,185,662)	17,090,104	9,904,442	9,904,442
Dividends paid during the year	7	—	—	(10,609,291)	(10,609,291)	(10,609,291)
Total Equity as at 31 March 2020		1,263,011	769,043	292,181,674	292,950,717	294,213,728

The notes on pages 11 to 18 form an integral part of these financial statements.

The Cayzer Trust Company Limited

STATEMENT OF CASHFLOWS for the year ended 31 March 2020

	Note	2020 £	2019 £
Operating activities			
Dividends received		12,938,533	12,596,520
Interest received		367,540	177,195
Other investment income received		338,663	331,438
Fees and other income received		245,318	266,662
Administration expenses		(1,261,646)	(1,073,358)
Net cash inflow from operating activities	15	12,628,408	12,298,457
Investing activities			
Purchase of fixed asset investments		(13,849,572)	(11,502,163)
Proceeds from sale of fixed asset investments		21,220,822	6,036,760
Purchase of long term loan note receivable		—	(2,500,000)
Purchase of tangible fixed assets		(34,800)	—
Net cash inflow / outflow from investing activities		7,336,450	(7,965,403)
Financing activities			
Equity Dividends paid	7	(10,609,291)	(10,230,388)
Increase / Decrease in cash and cash equivalents		9,355,567	(5,897,334)
Cash and cash equivalents as at 1 April		8,788,945	14,686,279
Cash and cash equivalents as at 31 March	11	18,144,512	8,788,945

The notes on pages 11 to 18 form an integral part of these financial statements.

The Cayzer Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Accounting convention

The Cayzer Trust Company Limited ("the Company") is a limited liability company incorporated in England. The registered office is situated at Cayzer House, 30 Buckingham Gate, London, SW1E 6NN.

The financial statements are prepared in compliance with FRS 102.

The Company is exempt from the requirement to prepare consolidated financial statements under section 405(2) of the Companies Act 2006, as the Company's subsidiary undertakings, taken together, are not material for the purpose of giving a true and fair view of the state of affairs of the Company. All subsidiary and associated undertakings are companies and are referred to as companies throughout these financial statements.

Investments

Equity investments are recognised initially at fair value which is normally the cash paid to acquire the shares. Subsequently they are measured at fair value through profit and loss based on quoted prices except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available. Note 9 discloses the market value of listed investments at the Statement of Financial Position date. For unlisted investments note 9 discloses market value, where available, or the directors' valuation based on dealing prices, stockbrokers' valuations, net asset values or other information as appropriate.

Investments in associates.

Investments in associates where the Company has significant influence are valued at cost less any provision for impairment.

Income and expenses

Dividend income is recognised when the right to receive payment is established, normally the ex-dividend date. Interest income and all expenses are recognised on an accruals basis.

Depreciation of tangible fixed assets

The provision for depreciation is calculated to write off the cost of each asset over its estimated useful life. Software is depreciated at 25% of cost on a straight line basis. No depreciation is provided on artefacts / paintings as their values are not expected to decrease.

Taxation

United Kingdom corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A net deferred tax asset is only regarded as recoverable and recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Pension benefits

The Company participates in a multi-employer pension scheme which requires contributions to be made to a separately administered fund. Contributions to this fund are charged in the Statement of Comprehensive Income.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Employee deferred compensation provisions reflect the present value of the liability adjusted for the probability the employee will meet the qualifying conditions.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no accounting estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current or previous financial year.

Going Concern

The directors have assessed the Company's financial position, activities and factors likely to affect its future performance including potential risks arising from Covid-19 as discussed in the Strategic Report. The Company has a high level of liquidity, a lack of external borrowings and a strong net asset position and the directors believe the Company is well placed to manage its business risks. The directors have concluded that the Company has ample resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Accordingly they continue to adopt the going concern basis in preparing the Company's financial statements.

The Cayzer Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Income from investments

	2020 £	2019 £
Dividends from equity shares:		
Listed: Caledonia Investments plc	11,627,874	11,185,658
Other listed	1,251,704	1,420,656
	12,879,578	12,606,314
Unlisted:	37,016	30,847
	12,916,594	12,637,161
Property and other income	335,780	337,057
Total Income from investments	13,252,374	12,974,218

3. Administrative expenses

	2020 £	2019 £
Staff and operating costs	(715,662)	(651,043)
Audit fees	(13,400)	(13,555)
Charitable Donations	(91,004)	(107,750)
Other expenses	(424,702)	(227,485)
Total Administrative expenses	(1,244,768)	(999,833)

4. Staff costs

	2020 £	2019 £
Salaries, bonuses and directors' fees	(575,991)	(506,736)
Social security costs	(75,947)	(60,176)
Pension costs	(37,500)	(23,708)
Temporary staff and recruitment fees	—	(23,875)
Employee deferred compensation provision	(7,317)	(21,416)
Other employee costs	(18,907)	(15,132)
Total Staff Costs	(715,662)	(651,043)

The average number of employees during the year was 5 (2019 - 4.4).

An addition was made to the provision for an employee deferred bonus scheme. £50,000 was paid out at the end of March 2020, with the remaining £250,000 paid in April 2020. No further schemes are in place at the time of signing these financial statements.

5. Directors Remuneration

The total directors' emoluments including fees paid to non executive directors during the year amounted to £479,560 (2018 - £299,221).

The emoluments of the highest paid director during the year amounted to £209,475 (2019 - £203,404).

The Cayzer Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Taxation

	2020 £	2019 £
Tax charged to the profit and loss account		
<i>Based on the profit for the year</i>		
Corporation tax at 19%	—	—

The Company is considered to be a close company as defined in the Corporation Tax Act 2010.

Factors affecting the tax charge for year

	2020 £	2019 £
Profit on ordinary activities before taxation	9,904,442	13,788,093
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	1,881,844	2,619,738
<i>Effects of</i>		
Non-taxable dividend income on investments	(2,454,152)	(2,401,061)
Expenses not deductible for tax purposes	47,432	9,313
Unrelieved / (Utilisation) of tax losses	(800,857)	(138,514)
Short term timing difference	(8,110)	4,069
Difference between accounting and tax on sale of investments	(28,495)	(84,325)
Unrealised gains on financial investments	1,365,276	(9,220)
Prior year adjustment	(765)	—
Partnership income / expense adjustments	(2,173)	—
Tax charged to the profit and loss account	—	—

Deferred taxation

The Company has a total unrecognised deferred tax asset of £9,342,019 in relation to capital losses (£8,982,077) and other tax losses (£359,942). Management is of the opinion that it is too uncertain that the Company will generate sufficient future taxable income within the period of reliable forecasting to utilise these losses, such that no deferred tax asset has been recognised.

At the balance sheet date there is an unrecognised deferred tax asset of £184,178 (2019 - liability of £769,166), which relates to the Company's potential loss on disposal of the investments held at fair value. A potential liability for taxation of £58,157,275 (2019 - £70,512,499) would arise on a disposal of the Company's investments held at cost prior to the utilisation of capital losses.

The corporate tax rate is 19% and this rate has been used to calculate the deferred tax balances. Comparative figures for the deferred tax balances were calculated using 17%, the rate initially legislated to start from 1 April 2020 but this change has since been reversed.

7. Dividends

	2020 £	2019 £
Ordinary dividends in respect of profits of the year ended:		
31 March 2018		
Interim of 2.7p paid on 8 June 2018		3,410,129
Final dividend of 5.4p paid on 7 December 2018		6,820,259
31 March 2019		
Interim of 2.8p paid on 7 June 2019	3,536,430	
Final dividend of 5.6p paid on 6 December 2019	7,072,861	
	10,609,291	10,230,388

The Cayzer Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Dividends (cont)

An interim dividend of 2.9p in respect of the year ended 31 March 2020 was declared in May 2020 to be payable on 5 June 2020. A final dividend of 5.8p will be proposed by the directors for approval at the Annual General Meeting in December 2020.

8. Tangible fixed assets

	Software £	Artefacts £	Total £
<i>Cost</i>			
Opening balance 1 April 2019	18,577	71,704	90,281
Tangible fixed asset additions	—	34,800	34,800
Tangible fixed asset disposals	—	(38,504)	(38,504)
Closing balance 31 March 2020	18,577	68,000	86,577
<i>Depreciation</i>			
Opening balance depreciation 1 April 2019	18,577	—	18,577
Depreciation charge for the year	—	—	—
Closing balance depreciation 31 March 2020	18,577	—	18,577
<i>Opening net book value 1 April 2019</i>	—	71,704	71,704
<i>Closing net book value 31 March 2020</i>	—	68,000	68,000

9. Investments

	2020 £	2019 £
Investments in subsidiaries (a)	16	16
Investments in associates (b)	226,319,867	228,421,240
Other fixed asset investments (c)	46,849,317	54,959,769
	273,169,200	283,381,025

(a) Subsidiaries

Name	Country	Holding	Proportion of Shares Held
<i>Subsidiaries</i>			
Cayzer Limited	England	Ordinary	100%
Cayzer Development Capital Limited	England	Ordinary	100%
Cayzer Finance Limited	England	Ordinary	100%
Cayzer Holdings Limited	England	Ordinary	100%
Cayzer Investment Management Limited	England	Ordinary	100%
Cayzer Investments Limited	England	Ordinary	100%
Cayzer and Partners Limited	England	Ordinary	100%
Cayzer Property Development Limited	England	Ordinary	100%
Cayzer Property Investments Limited	England	Ordinary	100%
Cayzer Property Management Limited	England	Ordinary	100%
The Clan Line Steamers Limited	Scotland	Ordinary	100%

All of the subsidiary companies are dormant companies.

The Cayzer Trust Company Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Investments (cont)

(b) Associates (Valued at cost)

The cost of associated companies are as follows:

	Caledonia Investments £	Crewkerne Investments £	Total £
Opening cost as at 31 March 2018	225,738,209	1,095,178	226,833,387
Additions	1,587,853	—	1,587,853
Disposals	—	—	—
As at 31 March 2019	227,326,062	1,095,178	228,421,240
Additions	—	—	—
Disposals	(2,101,373)	—	(2,101,373)
As at 31 March 2020	225,224,689	1,095,178	226,319,867

<i>Associates</i>	<i>Activity:</i>			
Caledonia Investments plc	Investment Trust	England	Ordinary	34.84%
Crewkerne Investments Limited	Investment	England	Ordinary	49.50%

The following additional information is taken from the audited accounts of the Company's associates as at 31 March 2020.

	Caledonia Investments £ m	Crewkerne Investments £ m	Total £ m
Revenue	(152.9)	0.0	(152.9)
Profit before tax	(171.9)	0.0	(171.9)
Taxation	(1.0)	0.0	(1.0)
Profit after tax	(172.9)	0.0	(172.9)
Non-current assets	1,699.5	1.8	1,701.3
Current assets	123.9	0.3	124.2
Current liabilities	(30.9)	0.0	(30.9)
Non-current liabilities	(5.2)	0.0	(5.2)
Net assets	1,787.3	2.1	1,789.4
Non-equity share capital	0.0	(0.2)	(0.2)
Minority interests	0.0	0.0	0.0
Shareholders' funds	1,787.3	1.9	1,789.2

The Cayzer Trust Company Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Investments (cont)

(c) Other fixed asset investments (valued at fair value)

	Listed	Unlisted	Total
	£	£	£
As at 31 March 2018	48,638,125	2,173,979	50,812,104
Additions	8,842,308	7,065	8,849,373
Disposals	(5,295,721)	(741,039)	(6,036,760)
Realised gain on sale	506,370	733,974	1,240,344
Unrealised gain	343,327	(248,619)	94,708
As at 31 March 2019	53,034,409	1,925,360	54,959,769
Additions	13,843,092	6,480	13,849,572
Disposals	(15,714,202)	(150,172)	(15,864,374)
Realised gain on sale	946,320	143,692	1,090,012
Unrealised (loss) / gain	(7,307,612)	121,950	(7,185,662)
As at 31 March 2020	44,802,007	2,047,310	46,849,317

10. Receivables

	2020	2019
	£	£
<i>Due within one year</i>		
Trade debtors	6,000	11,760
Sundry debtors, prepayments and accrued fee income	500,966	355,935
Accrued investment and interest income	153,605	189,623
Total Current Receivables	660,571	557,318
<i>Due after one year</i>		
Loan Notes	2,500,000	2,500,000
Total long term receivables	2,500,000	2,500,000

Loan Notes are held for a fixed ten year term with an interest rate of 7.5% payable annually.

11. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	6,144,512	2,788,945
Short-term deposits	12,000,000	6,000,000
Total cash and cash equivalents	18,144,512	8,788,945

Cash and cash equivalents comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

The Cayzer Trust Company Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Creditors

	2020	2019
	£	£
Amounts falling due within one year:		
Due to subsidiary companies	14	14
Trade creditors	6,925	6,998
PAYE & NIC	49,718	20,459
Accruals	18,880	57,550
VAT	3,018	2,711
	<u>78,555</u>	<u>87,732</u>

13. Provisions

	2020	2019
	£	£
Employee deferred compensation provision at start of year	292,683	271,267
Increase during the year	7,317	21,416
Amount paid to employees	(50,000)	—
Employee deferred compensation provision at end of year	<u>250,000</u>	<u>292,683</u>

14. Share capital

	2020	2019
	£	£
<i>Authorised</i>		
41,952,898,558 ordinary shares of 1p each	<u>419,528,986</u>	<u>419,528,986</u>
<i>Allotted, issued and fully paid</i>		
126,301,085 ordinary shares of 1p each	<u>1,263,011</u>	<u>1,263,011</u>

15. Reconciliation of operating profit to net cash from operating activities

	2020	2019
	£	£
Operating profit	12,627,893	12,499,224
Less net non-cash income / expenditure	38,504	18,753
(Increase) / decrease in investment accruals	34,207	(44,378)
Increase in interest accruals	1,811	(95,250)
Decrease in debtors	(22,147)	(16,407)
Increase in long-term provision	(42,683)	21,416
Increase / (decrease) in creditors	(9,177)	(84,901)
Net cash inflow from operating activities	<u>12,628,408</u>	<u>12,298,457</u>

The Cayzer Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Related party transactions

Transactions with related parties, not disclosed elsewhere in the Directors' Report or financial statements are described below:

The Company held 34.84% (2019 - 35.17%) of the issued share capital of Caledonia Investments plc at 31 March 2020.

Caledonia Group Services Limited and Buckingham Gate Limited, both wholly owned subsidiaries of Caledonia Investments plc, were due fees of £99,645 for the year ending 31 March 2020 (2019 - £102,374) for the provision and servicing of the Company premises. Total administration fees of £7,000 for the year ending 31 March 2020, (2019 - £7,000) were receivable from Caledonia Group Services Limited at year end.

Net dividends received and receivable during the year from associated companies amounted to £11,627,874 (2019 - £11,185,658).

Management fees of £42,000 (2019 - £41,000) were payable by Caytrust Finance Company Limited, which now has four common directorships with the Company. Donations of £48,504 (2019, £74,000) were made and administration fees of £4,500 (2019 - £3,900) were invoiced to The Cayzer Family Archive, a Charity registered with the Charity Commission of England and Wales, which shares two common directorships with the Company.

Mr DV Gibbs is a non-executive director of Church House Investments Limited, in which the Company is a significant shareholder and of which the Company is an appointed representative for certain regulatory purposes. Fees of £20,000 were received by the Company in respect of this directorship. The Company received a dividend on its shareholding in Church House Investments during the year of £37,016 (2019 - £30,847).

17. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2020 £	2019 £
Less than one year	102,613	103,248
Between one and five years	413,887	416,534
Greater than five years	256,691	364,273
Total lease payments	<u>773,191</u>	<u>884,055</u>

During the year £99,645 (2019 - £102,374) was recognised as an expense in the income statement in respect of operating leases.

18. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £6,786 (2019 - £6,479). This relates to uncalled drawdowns by a private equity fund held as part of the investments disclosed in note 9(c).

19. Contingent Liabilities

The Company has an agreement with Caytrust Finance Company Limited ("Caytrust Finance") that will indemnify and keep indemnified Caytrust Finance against compensation payable to deposit holders due to fraud or certain other losses, should they ever arise.

The potential liability is limited to a maximum amount of the total monies being administered by Caytrust Finance at the time of an applicable event. The amount being administered by Caytrust Finance as at 31 March 2020 was £21,755,354. (2019 - £25,750,100)

20. Post balance day events

There are no post balance day events that require disclosure under FRS102.