

The Cayzer Trust Company Limited

Directors' Report and Financial Statements

Year ended 31 March 2021

Registered in England & Wales No. 4987694

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
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 2021.

Results and Dividend

The result for the year ended 31 March 2021, after taxation, amounted to a profit of £17.8m (2020 – £9.9m). An interim dividend of 3.0p per ordinary share was paid on 4 June 2021, in respect of the year ended 31 March 2021 (2020 – 2.9p). A final dividend of 6.0p per ordinary share will be proposed at the company's AGM, in respect of the year ended 31 March 2021 (2020 – 5.8p).

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

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, the Hon. Charles Cayzer and James Cayzer-Colvin retired by rotation and, being eligible, offered themselves for re-election and were re-elected in December 2020. Graeme Denison offered himself for election and was elected in December 2020.

Mr Dominic Gibbs retired from his executive duties at the end of August 2020 but remains a non-executive director. The Company is very grateful to Mr Gibbs for his many years of dedicated service to the Company as an executive officer. Mrs Sonia Barry has taken on his executive responsibilities.

The Hon. Mrs Gilmour, William Wyatt, 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.

The interests of the directors and their families in the ordinary 1p shares of the Company at 31 March 2021 are shown below.

	Beneficial	Non Beneficial
The Hon. Charles Cayzer	3,796,519	1,370,823*
James Cayzer-Colvin	16,762,407	381,507*
Roseanna N Leslie	16,747,997	1,982,337*
James PL Davis	NIL	NIL
Graeme P Denison	NIL	NIL
Dominic V Gibbs	29,054**	47,612,370*
The Hon. Mrs Gilmour	6,542,647** ^	11,958,795*
William P Wyatt	21,942,065***	2,833,017*
Sonia C Barry	29,054**	13,135,343*

*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 include 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.

^ The beneficial interests of The Hon. Mrs Gilmour include 314,065 Cayzer Trust Shares owned by August Holdings Limited, a company controlled by The Hon. Mrs Gilmour.

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:



S C Barry

Director

Date: 28 July 2021

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 2021.

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.

Business review

As noted in the Directors' Report, the result for the year ended 31 March 2021, after taxation, amounted to a profit of £17.8m (2020 - £9.9m). This result includes an unrealised gain of £6.3m (2020 - loss of £7.2m) on the fair value of investments as at the year end in consequence of the general rebound in public markets following the sharp decline at the start of the Covid-19 pandemic in March 2020. This movement reflects the difficulty of taking snapshots such as these in periods of market volatility and rapidly-fluctuating valuations.

As at 31 March 2021, the Company's principal investment was a 34.84% (2020 - 34.84%) interest in Caledonia Investments plc ("Caledonia"), an approved investment trust. The market value of the holding in Caledonia at 31 March 2021 was £510.3m (2020 - £469.8m).

Dividends received from Caledonia contributed income of £11.9m (2020 - £11.6m). During the year, the Company paid ordinary dividends of £11.0m (2020 - £10.6m).

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 £60,000 (2020 - £61,000) were made to the Conservative Party. The Company also made charitable donations during the year amounting to £44,500 (2020 - £91,004), including donations of £10,000 (2020 - £48,504) to the Cayzer Family Archive.

Investment activity and future developments

The Directors propose to continue to maintain the Company's strategic stake in Caledonia for the long term. There was no change to the Company's holding in Caledonia during the year. During the prior 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, along with some modest other sales into the market to facilitate a minor expansion and diversification of the Company's non-core portfolio.

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 continued to re-weight its portfolio away from underlying equity investments in favour of fixed income securities and other investments having absolute return characteristics.

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 46-49 of its published report and accounts for the year ended 31 March 2021, 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 continued strong performance and 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 effects 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:



S C Barry

Director

Date: 28 July 2021

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 (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Equity, 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 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 there is 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to the reporting framework United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, and UK tax legislation.
- We understood how the company is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding by reviewing board meeting minutes and relevant policy.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by designating incorrect revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business.
- Our procedures also involved gaining an understanding of processes and controls surrounding the investment income and financial statement close process, reviewing a sample of the investment disposal transactions and costing used in the calculation of the profit from the disposal of investment and checking the mathematical accuracy of dividends calculation using the dividend rates obtained from an external source.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses, and review of board meeting minutes.

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

30 July 2021

The Cayzer Trust Company Limited
STATEMENT OF COMPREHENSIVE INCOME
for the Year ended 31 March 2021

	Note	2021 £	2020 £
Income from investments	2	12,904,884	13,252,374
Interest received		450,237	360,342
Fee and other income		260,819	259,945
Administrative expenses	3	(1,241,216)	(1,244,768)
Operating profit		12,374,724	12,627,893
(Loss) / gain on investment disposals	9(c)	(852,480)	4,462,211
Net gains / (losses) on financial investments at fair value	9(c)	6,300,623	(7,185,662)
Profit on ordinary activities before taxation		17,822,867	9,904,442
Tax on profit on ordinary activities	6	—	—
Profit on ordinary activities after taxation		17,822,867	9,904,442
Other comprehensive income		—	—
Total comprehensive income for the year		17,822,867	9,904,442

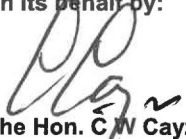
All items in the above statement derive from continuing operations.

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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	68,000	68,000
Investments	9	285,167,124	273,169,200
Receivables	10	2,500,000	2,500,000
		<u>287,735,124</u>	<u>275,737,200</u>
Current assets			
Receivables	10	535,441	660,571
Cash and cash equivalents	11	12,958,123	18,144,512
		<u>13,493,564</u>	<u>18,805,083</u>
Creditors			
Amounts falling due within one year	12	(118,418)	(78,555)
Provisions	13	—	(250,000)
		<u>13,375,146</u>	<u>18,476,528</u>
Net current assets		<u>13,375,146</u>	<u>18,476,528</u>
Total assets less current liabilities		<u>301,110,270</u>	<u>294,213,728</u>
 Provisions - greater than one year	 13	 (61,870)	 —
Net assets		<u>301,048,400</u>	<u>294,213,728</u>
Capital and reserves			
Called up share capital	14	1,263,011	1,263,011
Profit and loss account		299,785,389	292,950,717
		<u>301,048,400</u>	<u>294,213,728</u>
Shareholders' funds		<u>301,048,400</u>	<u>294,213,728</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



S C Barry
Director

Date: 28 July 2021

The Cayzer Trust Company Limited
STATEMENT OF CHANGES IN EQUITY
for the Year ended 31 March 2021

	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 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
Profit from ordinary activities		—	6,300,623	11,522,244	17,822,867	17,822,867
Dividends paid during the year	7	—	—	(10,988,195)	(10,988,195)	(10,988,195)
Total Equity as at 31 March 2021		1,263,011	7,069,666	292,715,723	299,785,389	301,048,400

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 2021

	Note	2021 £	2020 £
Operating activities			
Dividends received		12,564,087	12,938,533
Interest received		412,160	367,540
Other investment income received		360,566	338,663
Fees and other income received		288,866	245,318
Administration expenses		(1,391,216)	(1,261,646)
Net cash inflow from operating activities	15	12,234,463	12,628,408
Investing activities			
Purchase of fixed asset investments		(9,046,702)	(13,849,572)
Proceeds from sale of fixed asset investments		2,614,045	21,220,822
Purchase of tangible fixed assets		—	(34,800)
Net cash (outflow) / inflow from investing activities		(6,432,657)	7,336,450
Financing activities			
Equity Dividends paid	7	(10,988,195)	(10,609,291)
(Decrease) / increase in cash and cash equivalents		(5,186,389)	9,355,567
Cash and cash equivalents as at 1 April		18,144,512	8,788,945
Cash and cash equivalents as at 31 March	11	12,958,123	18,144,512

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.

Prior period amendments

The comparative figures for the year ended 31 March 2020 in note 9(c) have been amended to reflect a reallocation of the unrealised (loss)/gain in the period between listed and unlisted investments of £143,692. The effect of this amendment is to increase the value of listed investments at 31 March 2020 by £143,692, and to reduce the value of unlisted investments at the same date by a corresponding amount.

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)

1. Accounting policies (continued)

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.

2. Income from investments

	2021 £	2020 £
Dividends from equity shares:		
<i>Listed:</i> Caledonia Investments plc	11,864,804	11,627,874
Other listed	648,448	1,251,704
	12,513,252	12,879,578
<i>Unlisted:</i>	49,355	37,016
	12,562,607	12,916,594
Property and other income	342,277	335,780
Total Income from investments	12,904,884	13,252,374

3. Administrative expenses

	2021 £	2020 £
Staff and operating costs	Note 4 (825,750)	(715,662)
Audit fees	(14,450)	(13,400)
Charitable Donations	(44,500)	(91,004)
Other expenses	(356,516)	(424,702)
Total Administrative expenses	(1,241,216)	(1,244,768)

4. Staff costs

	2021 £	2020 £
Salaries, bonuses and directors' fees	(575,650)	(575,991)
Social security costs	(100,542)	(75,947)
Pension costs	(48,431)	(37,500)
Temporary staff and recruitment fees	(18,000)	—
Employee deferred compensation provision	(61,870)	(7,317)
Other employee costs	(21,257)	(18,907)
Total Staff Costs	(825,750)	(715,662)

The average number of employees during the year was 5 (2020 - 5).

The previous provision for the employee deferred bonus scheme was fully paid out in 2020, and was shown as a current liability in the prior year financial statements. An addition was made during the year to a new scheme, and no obligation to pay will arise, if at all, until 2026, and this provision is shown as a non-current liability.

5. Directors' Remuneration

The total directors' emoluments including fees paid to non executive directors during the year amounted to £626,269 (2020 - £479,560).

The emoluments of the highest paid director during the year amounted to £315,853 (2020 - £209,475), which included the payment of a long-term employee incentive provision.

The Cayzer Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Taxation

	2021 £	2020 £
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

	2021 £	2020 £
Profit on ordinary activities before taxation	17,822,867	9,904,442
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	3,386,345	1,881,844
<i>Effects of</i>		
Non-taxable dividend income on investments	(2,386,895)	(2,454,152)
Expenses not deductible for tax purposes	43,434	47,432
Unrelieved / (Utilisation) of tax losses	28,007	(800,857)
Short term timing difference	(35,745)	(8,110)
Difference between accounting and tax on sale of investments	161,972	(28,495)
Unrealised (gains) / losses on financial investments	(1,197,118)	1,365,276
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 £12,630,736 (2020 - £9,342,019) in relation to capital losses (2021 - £12,121,737, 2020 - £8,982,077) and other tax losses (2021 - £508,999, 2020 - £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 liability of £1,218,541 (2020 - asset of £242,339), which relates to the Company's potential gain (2020 - loss) on disposal of the investments held at fair value. A potential liability for taxation of £86,656,657 (2020 - £76,522,730) 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 legislated to increase to 25% for companies above the small profits threshold from 1 April 2023, as introduced in the Finance Bill 2021, published on 11 March 2021. This change was substantively enacted on 24 May 2021, and so the deferred tax balances (including comparatives) have been calculated using the 25% rate.

7. Dividends

	2021 £	2020 £
Ordinary dividends in respect of profits of the year ended:		
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
31 March 2020		
Interim dividend of 2.9p paid on 5 June 2020	3,662,732	
Final dividend of 5.8p paid on 4 December 2020	7,325,463	
	10,988,195	10,609,291

The Cayzer Trust Company Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Dividends (cont)

An interim dividend of 3.0p in respect of the year ended 31 March 2021 was declared in May 2021 to be payable on 4 June 2021. A final dividend of 6.0p will be proposed by the directors for approval at the Annual General Meeting in December 2021.

8. Tangible fixed assets

	Software £	Artefacts £	Total £
<i>Cost</i>			
Opening balance 1 April 2020	18,577	68,000	86,577
Tangible fixed asset additions	—	—	—
Tangible fixed asset disposals	—	—	—
Closing balance 31 March 2021	18,577	68,000	86,577
<i>Depreciation</i>			
Opening balance depreciation 1 April 2020	18,577	—	18,577
Depreciation charge for the year	—	—	—
Closing balance depreciation 31 March 2021	18,577	—	18,577
<i>Opening net book value 1 April 2020</i>	—	68,000	68,000
<i>Closing net book value 31 March 2021</i>	—	68,000	68,000

9. Investments

	2021 £	2020 £
Investments in subsidiaries (a)	16	16
Investments in associates (b)	226,319,867	226,319,867
Other fixed asset investments (c)	58,847,241	46,849,317
	285,167,124	273,169,200

(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 1 April 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
Additions	—	—	—
Disposals	—	—	—
As at 31 March 2021	225,224,689	1,095,178	226,319,867

* These investments were disposed of for proceeds of £5,473,572, and a gain of £3,372,199.

<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 2021.

	Caledonia Investments £ m	Crewkerne Investments £ m	Total £ m
Revenue	485.7	0.0	485.7
Profit before tax	455.8	0.0	455.8
Taxation	10.2	0.0	10.2
Profit after tax	466.0	0.0	466.0
Non-current assets	2,248.7	1.8	2,250.5
Current assets	24.9	0.3	25.2
Current liabilities	(29.0)	0.0	(29.0)
Non-current liabilities	(19.3)	0.0	(19.3)
Net assets	2,225.3	2.1	2,227.4
Non-equity share capital	0.0	(0.2)	(0.2)
Minority interests	0.0	0.0	0.0
Shareholders' funds	2,225.3	1.9	2,227.2

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 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	(7,163,920)	(21,742)	(7,185,662)
As at 31 March 2020	44,945,699	1,903,618	46,849,317
Additions	6,039,917	3,006,785	9,046,702
Disposals	(2,427,046)	(69,875)	(2,496,921)
Realised (loss) / gain on sale	(915,569)	63,089	(852,480)
Unrealised gain / (loss)	6,397,221	(96,598)	6,300,623
As at 31 March 2021	54,040,222	4,807,019	58,847,241

10. Receivables

	2021 £	2020 £
<i>Due within one year</i>		
Trade debtors	6,953	6,000
Sundry debtors, prepayments and accrued fee income	342,588	500,966
Accrued investment and interest income	182,266	153,605
VAT receivable	3,634	—
Total Current Receivables	535,441	660,571

Due after one year

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

	2021 £	2020 £
Cash at bank and in hand	5,838,363	6,144,512
Short-term deposits	7,000,000	12,000,000
Cash within Church House Investments Bond Portfolio	119,760	—
Total cash and cash equivalents	12,958,123	18,144,512

Cash and cash equivalents comprise cash at banks and in hand and short term deposits of an original term of no more than four months, with a maturity date of three months or less from the balance sheet date.

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

12. Creditors

	2021	2020
	£	£
Amounts falling due within one year:		
Due to subsidiary companies	14	14
Trade creditors	35,534	6,925
PAYE & NIC	19,654	49,718
Accruals	63,216	18,880
VAT	—	3,018
	<u>118,418</u>	<u>78,555</u>

13. Provisions

	2021	2020
	£	£
Employee deferred compensation provision at start of year	250,000	292,683
Increase during the year	61,870	7,317
Amount paid to employees	(250,000)	(50,000)
Employee deferred compensation provision at end of year	<u>61,870</u>	<u>250,000</u>

14. Share capital

	2021	2020
	£	£
<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

	2021	2020
	£	£
Operating profit	12,374,724	12,627,893
Less net non-cash income / expenditure	—	38,504
Decrease in investment accruals	9,417	34,207
(Increase) / decrease in interest accruals	(38,078)	1,811
Decrease / (increase) in debtors	36,668	(22,147)
Decrease in long-term provision	(188,130)	(42,683)
Increase / (decrease) in creditors	39,862	(9,177)
Net cash inflow from operating activities	<u>12,234,463</u>	<u>12,628,408</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% (2020 - 34.84%) of the issued share capital of Caledonia Investments plc at 31 March 2021.

Caledonia Group Services Limited and Buckingham Gate Limited, both wholly owned subsidiaries of Caledonia Investments plc, were due fees of £100,814 for the year ending 31 March 2021 (2020 - £99,645) for the provision and servicing of the Company premises. Total administration fees of £9,900 for the year ending 31 March 2021, (2020 - £7,000) were accrued to Caledonia Group Services Limited at year end.

Net dividends received and receivable during the year from associated companies amounted to £11,864,804 (2020 - £11,627,874).

Management fees of £16,280 (2020 - £42,000) were payable by Caytrust Finance Company Limited, which has four common directorships with the Company. Donations of £10,000 (2020 - £48,504) were made and administration fees of £5,750 (2020 - £4,500) were accrued to The Cayzer Family Archive, a Charity registered with the Charity Commission of England and Wales, which shares four 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 £8,333 were received by the Company in respect of this directorship and fees of £80,000 per annum are payable (from 1 October 2020) in relation to the Appointed Representative Agreement. The Company received a dividend on its shareholding in Church House Investments during the year of £49,355 (2020 - £37,016).

17. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2021 £	2020 £
Less than one year	105,467	102,613
Between one and five years	425,534	413,887
Greater than five years	149,777	256,691
Total lease payments	<u>680,778</u>	<u>773,191</u>

During the year £100,814 (2020 - £99,645) 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 £nil (2020 - £6,786).

The prior year 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 2021 was £27,481,355 (2020 - £21,755,354).

20. Post balance day events

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