Renaissance Capital Limited

Financial Statements, Strategic Report and Directors' Report

for the year ended 31 December 2020

REGISTRATION NUMBER: 03059237

Contents

General Information

Directors	A Simone M Reed J Lewin		
Secretary	P Thompson		
Registered address	Park House 116 Park Street London W1K 6AF United Kingdom		
Parent company	Renaissance Financial Holdings Limited C/o Apex Corporate Services Ltd 4th Floor, Vallis Building 58 Par-la-ville Road City of Hamilton HM11 Bermuda	Alpha Business Centre, 8th Floor 27, Pindarou Street 1060, Nicosia Cyprus	
Auditor	BDO LLP 55 Baker Street London W1U 7EU United Kingdom		
Bankers	JP Morgan Chase Bank, N.A., London Branch 25 Bank Street, Canary Wharf London E14 5JP United Kingdom	Euroclear Bank SA/NV 1 Boulevard du Roi Albert II B-1210 Brussels Belgium	AO Raiffeisenbank 129090 Moscow Troitskaya Str. 17, bld. 1 Russia
	JP Morgan Chase Bank, N.A., New York Branch 270 Park Avenue New York, NY 10017 United States	Raiffeisen Bank International AG Am Stadtpark 9 1030 Vienna Austria	Citibank Spain Ortega y Gasset 29. 2nd Floor 28006 Madrid Spain
	The Standard Bank of South Africa Standard Bank Centre 5 Simmonds Street, 9th Floor Johannesburg 2001 South Africa	Citibank NA, London Branch Citigroup Centre 25 Canada Square Canary Wharf London E14 5LB United Kingdom	National Settlement Depositary 12, Spartakovskaya Street Moscow 105066 Russia
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Strategic Report

The Directors present their strategic report for the year ended 31 December 2020.

1 Results

Renaissance Capital Limited (the "Company" or "RCL") has made a net loss for the year of US$3,842,000 (2019: net loss of US$1,430,000).

The increase in net loss in 2020 was driven by a decrease in investment banking revenues, as well as an increase in operating expenses, particularly personnel expenses which increased from US$21,593,000 to US$29,504,000.

Principal activity and review of the business and future developments

Renaissance Capital Limited is a limited liability company incorporated in England and Wales, authorised and regulated by the Financial Conduct Authority (FCA) as an investment firm in the United Kingdom.

The Company transacts with mainly UK institutional investor clients, providing research, sales and execution services in equity and fixed income securities in UK, Russian, Turkish, Middle East and North African, Sub-Sahara African, South African and other frontier markets. The Company primarily executes trades on an agency basis, hence earning fees and commissions rather than trading profits.

The Company also introduces clients to its affiliates, being fellow subsidiaries of Renaissance Financial Holdings Limited (the largest and smallest group preparing consolidated financial statements in accordance with IFRS) ("Renaissance Capital Group" or "Group"), to fill client orders and execute trades in those markets. This is conducted on an agency basis. The Company earns a cost-plus return for its sales and distribution and trading activities according to a transfer pricing agreement with Group companies.

The Company also provides investment banking advisory services in equity capital markets and debt capital markets to its corporate clients. The Company participates in a revenue sharing arrangement with Group companies under the transfer pricing agreement for its investment banking business.

During 2020, a subsidiary, Renaissance Capital Menkul Degerler A.S. in Turkey continued its liquidation process. Protracted legal action involving former employees prevented completion of the liquidation during the year. The carrying value has been reduced to US$248,000 which reflects the Directors' expectation of the recoverable amount up to the targeted final liquidation expected in 2021.

RCL continues to maintain a strong balance sheet. The liquidity of the Company continues to be strong with 57% (2019: 26%) of total assets held in cash and US Treasury Bills and 60% (2019: 33%) in cash, cash collateral and US Treasury Bills.

Renaissance Capital Services Limited ("RCSL" or "Services Company"), a UK unregulated entity, operates as a services entity for the Company. The Company remunerates the Services Company on a cost-plus arrangement for services provided. In 2019 the decision was made to minimise the activities of RCSL, and as a result the majority of non-trading costs have been transferred to the Company. Further, all employees previously employed by RCSL and seconded back to the Company are now employed directly by the Company.

As a CRD IV regulated institution, the Company is subject to the Country-by-Country Reporting requirements, under which it is required to publish the following information:

a) The name, nature of activities and geographical location of the institution and any subsidiaries and branches;

b) Turnover;

c) The average number of employees on a full-time equivalent basis;

d) Profit or loss before tax;

e) Corporation tax paid; and

f) Public subsidies received.

Accordingly, the disclosures are set out below:

	United Kingdom
Entity name	Renaissance Capital Limited
Nature of activities	Brokerage and investment banking business
Operating income	US$32,240,000
Average number of employees	64
(Loss) before tax	US$(4,187,000)
Corporation tax paid	-
Public subsidies received	-

	Turkey
Entity name	Renaissance Capital Menkul Degerler A.S
Nature of activities	In liquidation
Operating income	US$68,000
Average number of employees	-
Profit before tax	US$16,000
Corporation tax paid	-
Public subsidies received	-

Key Performance Indicators

We measure the achievement of our objectives using qualitative assessments and through the monitoring of quantitative indicators termed key performance indicators (KPIs). In line with our operating objectives, the profit before tax, regulatory capital and liquidity is monitored on a regular basis. Regulatory capital is defined as capital required to cover credit, market and operational risks. Regulatory capital is also monitored as part of the Company's Internal Capital Adequacy Assessment Plan (ICAAP).

(in thousands of USD)	2020	2019
Loss before tax	US$(4,187)	US$(811)
Capital ratio (based on the figures in the financial statements)	46%	49%

The Company continues to be supported by the Group, including by way of a loan facility from its parent company RFHL The Directors expect the Company to continue in business for the foreseeable future and have therefore used the going concern basis in preparing the Financial Statements (see further details in Note 3).

Principal risks and uncertainties

As a consequence of its activities, the Company is exposed to market, credit, operational and liquidity risk.

Market risk exposure generally arises mainly from positions held in equity instruments listed on the Turkish Stock Exchange and from foreign exchange exposures. The market risk is limited due to the low internal limits for the Company's positions and foreign exchange exposure.

Credit risk, primarily in the form of counterparty settlement risk, arises from transactions in financial instruments with both regulated market participants and Group companies. It also arises from reverse repo transactions and other receivables from Group companies.

Operational risk is the risk of loss arising from inadequate or failed internal processes, human behaviour and systems or from external events. The Company undertakes a rigorous programme of monitoring and assessing operational risk incidents.

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stressed circumstances. To limit this risk, the Directors of the Company have established an overall liquidity and funding framework.

The principal risks are further explained in note 27 to the Financial Statements.

Statement in compliance with section 172(1) of Companies Act 2006

The Directors of the Company are acutely aware of the requirement for them to act in good faith in the way they consider would be most likely to promote the success of the Company for the benefit of its shareholder. In considering this duty, the Directors have regard to the following stakeholders:

Shareholder

As a private company, RCL has no external shareholders. However, all of the Directors have regular contact with board members of the Company's holding company and one Director of the Company is also a director of the holding company. Such interaction ensures that the business strategy of the Company is completely aligned with the strategic objectives of the holding company and shareholder.

Employees

The Company appreciates and understands the importance of the role of each of its employees. The culture of the Company encourages transparency and communication which means management is able to keep all employees up to speed with key initiatives. To maintain our competitive advantage and meet the growing demands of the environment in which we operate, we maintain a workforce which is adaptive and whose skill base constantly evolves. As a regulated Investment Firm, we provide regular training and are responsive to employee requests for training, to ensure all are able to meet their responsibilities and perform their roles effectively, reflecting the latest FCA rules, regulations and market practises. We also value workers with long-term practical experiences. We engage with our workforce to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being. The Company takes pride in being an equal opportunities employer and has a talent management programme in place. The Company's long-term success is predicated on the commitment of our workforce to our purpose and its demonstration of our values on a daily basis.

Clients

The Company has a modestly sized but varied client base that includes fund managers, hedge funds and other asset managers most of whom are, themselves, regulated in their respective jurisdictions. The Company has no retail clients and has no focus on that sector. The Company was founded on client-centric principles; paying due regard to the interests of clients and treating clients fairly has always been and will always remain a key principle that the Company follows in all our activities.

Suppliers

Treating vendors fairly and working with suppliers as partners is a driver to ensuring the consistently smooth running of our business.

Community and the environment

The Company operates in a new and modern office location in Mayfair, London which puts the Company physically closer to many UK clients, enabling more efficient interaction and closer support for our clients' business. The new office space gives employees a clean and modern environment and provides flexibility for future expansion should the need arise. Employees participate in the Cycle-to-Work scheme.

Signed in accordance with a resolution of the Board of Directors and authorised and approved for issue on 16 March 2021.

A Simone

Director

16 March 2021

Directors' Report

The Directors submit their Report and Financial Statements for the year ended 31 December 2020.

1 Directors and their interests

The Directors who held office during the year and subsequent to 31 December 2020 were as follows:

A Simone

M Reed

J Lewin

P Thompson acted as Company Secretary during the year and subsequent to 31 December 2020.

None of the Directors had any interests in the shares of the Company or any other companies which are required to be notified to the Company or disclosed under the Companies Act 2006.

During the year, Renaissance Financial Holdings Limited paid a premium for a contract insuring the Directors and officers of the Company, its subsidiaries and controlled entities against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the Company itself to the extent that it is obligated to its Directors and officers for such liability.

2 Financial Risk Management objectives and policies

Details of financial risk management are included in the Strategic Report which starts on page 4 and forms part of this report through cross-reference. Detailed Financial risk management disclosures are included in Note 27.

3 Dividends and Charitable Contributions

The Directors do not recommend the payment of a final dividend (2019: US$NIL). During the year, the Company made US$6,000 of charitable donations (2019: US$NIL). The Services Company did not recharge any charitable donations to the Company (2019: US$NIL) as part of its management fee.

4 Future developments

A subsidiary of the Group, Renaissance Securities (Cyprus) Limited ("RESEC"), submitted to the FCA an application to continue to passport services into the United Kingdom under the Temporary Permissions Regime of the FCA. The Group has formulated specific plans for group companies operating in a post-BREXIT environment and is confident that through the Company and RESEC there will not be a material impact on the Group or its respective ability to service clients, from the now agreed outcome of negotiations between the EU and the UK on the terms of BREXIT.

The impact of COVID-19 has been global in its reach and is like nothing that has been experienced previously nor specifically planned for. Notwithstanding that, the Company's workforce transitioned during the year to a 'new normal' involving remote working in an efficient and collegiate manner, testament to a sound and well-tested business continuity plan. Providing a safe working environment for employees has always been a priority and the Board recognises and is appreciative of the efforts with which staff have responded to the crisis. The Company has now formulated a plan to exit Covid-Restrictions in line with Government guidance and the Government Roadmap.

Revenues on the Sales and Trading side since the first 'lockdown' was ordered by the Government on 23rd March 2020 have not been affected, whereas on the Investment Banking side clients have, for the most part, postponed deals rather than cancelled them, with the result that expected revenues for 2020 are likely to come through in 2021 and 2022.

The Company will continue to provide consistent and meaningful disclosures and forward-looking assessments to our stakeholders when preparing financial reports as required disclosures will likely change over time as more information regarding the impact of the virus emerges. The Board is reassured that management has developed and implemented mitigating actions and processes to ensure that the Company continues to operate an effective control environment, addressing key reporting and other controls on which reliance has historically been placed, but which may not prove effective in the current circumstances.

In conclusion, the impact of COVID-19 will continue for the first half of 2021 at least but is expected to be bearable on the Company and the Group for the foreseeable future and has actually inspired innovation amongst the team and a drive to look for new opportunities, markets and products.

5 Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable laws 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 international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 and group 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.

6 Disclosure of information to auditors

At the date of the Board of Directors' approval of this Report and Financial Statements for the year ended 31 December 2020 each of the Directors has confirmed that:

- as far as they are aware, there was no relevant audit information of which the auditors were unaware; and
- they have taken all the steps necessary as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors have been made aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 (2) of the Companies Act 2006.

7 Auditors

A resolution to re-appoint BDO LLP as the Company's auditor will be put to the shareholders at the Annual General Meeting.

Signed in accordance with a resolution of the Board of Directors.

A Simone

Director
16 March 2021

Independent Auditor's Report to the Members of Renaissance Capital Limited

1 Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renaissance Capital Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and Statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2 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.

3 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.

4 Other information

The directors are responsible for the other information. The other information comprises the information included in the Director's report and Strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

5 Other Companies Act 2006 reporting

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.

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 the 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.

6 Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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.

7 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the entity. We determined that the most significant regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (international accounting standards in conformity with the requirements of the Companies Act 2006) as well as those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities.
- We inquired of management to identify how the entity is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud. We corroborated our enquiries through review of the Board and Audit and Risk Committee minutes as well as through our review of the correspondence with the regulator.
- We assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur and determined the principle risks related to revenue recognition including cut-off and the appropriateness of the methodology surrounding transfer pricing income.
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to estimation of entries relating to expected credit losses and impairment of investments. We reviewed the appropriateness of the amounts making up expected credit losses, including: (i) the probability of default applied across the various classes of receivables, (ii) the amount used as Loss Given Default and (iii) the amounts used in determining exposure at default. We have also reviewed whether the staging of the various receivable balances is appropriate. In relation to the impairment of investments we have made our own assessment of this and compared our position to management's assessment. Where relevant we have reviewed the prices of listed investments since the year end to ensure that these do not need to be impaired.
- We considered the entity's control environment that has been established to prevent, detect and deter fraud, in particular in relation to the appropriateness of revenue recognition.
- We have considered the appropriateness of the transfer pricing policy applied during the year.

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger.
- We evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business. We specifically reviewed journals posted during the weekend and journals posted by senior management. We also assessed the rationale of any round journals posted.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

8 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.

Justin Chait (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 16 March 2021

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

Statement of Comprehensive Income

(in thousands of USD)

		For the year ended 31 December	
	Note	**2020**	**2019**
Operating income			
Net trading income/(expense)	4	795	(1,165)
Fee and commission income	5	30,743	33,977
Other income	6	685	357
(Impairment)/Reversal of impairment loss	8,19	(211)	112
Interest income	7	773	968
Interest expense	7	(545)	(423)
Net operating income		**32,240**	**33,826**
Management fees	9	(86)	(7,227)
Personnel expenses	10	(29,504)	(21,593)
Other operating expenses	11	(5,004)	(4,877)
Depreciation		(1,833)	(940)
Total operating expenses		**(36,427)**	**(34,637)**
Total comprehensive loss before tax		**(4,187)**	**(811)**
Income tax	25	345	(619)
Total comprehensive loss for the year		**(3,842)**	**(1,430)**

The accompanying notes on pages 16 to 42 are an integral part of these Financial Statements.

Statement of Financial Position

(in thousands of USD)		At 31 December	
	Note	**2020**	**2019**
Assets			
Current assets			
Cash and cash equivalents	12	34,615	13,829
Financial assets at fair value held for trading	13	13,290	8,310
Receivables	14	8,903	20,707
Loans receivable	15	74	19,087
Other assets	17	9,320	11,856
Investments in subsidiaries	19	248	308
Non-current assets			
Right-of-use assets	16	6,527	7,877
Property and equipment	18	2,480	2,595
Total assets		**75,457**	**84,569**
Liabilities			
Current liabilities			
Securities sold under agreements to repurchase	20	4,954	-
Payables	21	6,788	14,416
Accrued expenses	22	10,180	11,909
Other liabilities	23	2,890	3,297
Non-current liabilities			
Lease liabilities	16	7,680	8,140
Loans payable	24	10,400	10,400
Total liabilities		**42,892**	**48,162**
Equity			
Share capital	26	47,000	47,000
Retained loss		(14,987)	(11,145)
Capital redemption reserve		552	552
Total equity attributed to the shareholder		**32,565**	**36,407**
Total liabilities and equity		**75,457**	**84,569**

The Financial Statements on pages 12 to 42 were approved by the Board of Directors, authorised for issue and signed on its behalf by:

A Simone

Director

16 March 2021

Statement of Changes in Equity

(in thousands of USD)

	Share capital	Accumulated Losses	Capital redemption reserve	Total
Balance at 1 January 2019	**47,000**	**(9,715)**	**552**	**37,837**
Comprehensive (loss)	-	(1,430)	-	(1,430)
Balance at 31 December 2019	**47,000**	**(11,145)**	**552**	**36,407**
Comprehensive (loss)	-	(3,842)	-	(3,842)
Balance at 31 December 2020	**47,000**	**(14,987)**	**552**	**32,565**

Capital redemption reserve arose from the repurchase of 2,433,000 shares of £1 each in May 2001 at an exchange rate prevailing on the date of transaction.

The accompanying notes on pages 16 to 42 are an integral part of these Financial Statements.

Statement of Cash Flows

(in thousands of USD)	Note	For the year ended 31 December 2020	2019
Cash flows used in/from operating activities			
(Loss) for the year		(3,842)	(1,430)
Adjustments for non-cash and other items:			
Depreciation		1,833	940
Income tax (credit)/expense	25	(345)	619
Interest income	7	(773)	(968)
Interest expense	7	545	423
Impairment of investments	19	60	6
FX on lease liability		285	329
Impairment loss under IFRS 9		149	(116)
Foreign exchange gain		169	(106)
		(1,919)	**(303)**
(Increase)/decrease in operating assets			
Interest received		892	2,600
Income tax from group companies for group relief		345	(619)
Financial assets at fair value held for trading		(4,980)	(99)
Financial assets at fair value through profit and loss		-	4
Receivables		11,614	(7,361)
Other assets		2,488	(3,707)
Increase/ (decrease) in operating liabilities			
Interest paid		(405)	(1,305)
Securities sold under agreements to repurchase		4,954	-
Payables		(7,629)	10,692
Accrued expenses		(1,728)	11,824
Other liabilities		(407)	(627)
Net cash generated from operations		**3,225**	**11,097**
Cash flows used in/from investing activities			
Purchase of property and equipment		(367)	(2,748)
Capital reduction in subsidiary		-	375
Initial costs on leased assets		-	(974)
Net cash generated/(used in) investing activities		**(367)**	**(3,347)**
Cash flows (used in)/from financing activities			
Payment of principal portion of leased liabilities		(955)	
Movement in loan balance		19,052	1,027
Net cash generated/(used in) financing activities		**18,097**	**1,027**
Effect of exchange rate differences		**(169)**	**106**
Net change in cash and cash equivalents		**20,955**	**8,779**
Cash and cash equivalents at the beginning of the year		13,829	4,944
Cash and cash equivalents at the end of the year	12	**34,615**	**13,829**

The total cash inflows in relation to leases in the year were US$973,000 (2019: US$474,000).

The accompanying notes on pages 16 to 42 are an integral part of these Financial Statements.

Notes to the Financial Statements

1 Organisation

Renaissance Capital Limited (the "Company" or "RCL") is a limited liability company incorporated in England and Wales, authorised and regulated by the Financial Conduct Authority as an investment firm in the United Kingdom. The Company transacts with mainly UK institutional investor clients, providing research, sales and execution services in equity and fixed income securities in UK, Russian, Turkish, Middle East and North African, Sub-Sahara African, South African and other frontier markets. The Company also introduces clients to its affiliates, being fellow subsidiaries of Renaissance Financial Holdings Limited (the largest and smallest group preparing consolidated financial statements in accordance with international accounting standards) ("Renaissance Capital Group" or "Group), to fill client orders and execute trades in those markets. This is largely conducted on an agency basis. The Company also provides investment banking advisory services in equity capital markets and debt capital markets to its corporate clients.

Renaissance Capital Menkul Degerler A.S, the Company's subsidiary, is currently in the process of liquidation.

2 Summary of significant accounting policies

Basis of preparation

The Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Given that the parent company has elected to prepare consolidated financial statements, the Company has made use of the exemption from preparing consolidated financial statements. The significant accounting policies adopted by the Company are set out below.

The Financial Statements are prepared under the historical cost convention, as modified by the application of fair value measurements to financial assets held for trading and available for sale and are presented in United States Dollars ("US$" or "USD"), being the Company's functional currency.

The preparation of the Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of the long-term incentive plan ("LTIP").

Changes in accounting policy and disclosures

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (the "RFR"). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective. The amendments did not have an impact on the financial statements of the Company.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of the Company.

Financial assets and liabilities

Financial assets and liabilities within the scope of IFRS 9 are classified based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost or fair value through profit or loss. The Company determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at each reporting date where appropriate or permitted. Financial assets and liabilities are recorded at initial recognition at fair value.

Financial assets and liabilities at fair value held for trading

Financial assets and liabilities at fair value are classified as held for trading if they are acquired or incurred for the purpose of selling or repurchasing in the near term. The financial assets and liabilities at fair value held for trading are measured at fair value. *Gains or losses on financial assets and liabilities held for trading are recognised in the Statement of Comprehensive Income as* net trading income.

Loans and receivables

Loans and receivables (trade receivables (both third-party and related-party) (Note 14), the Renaissance Capital Group loan facility (Note 15) and Renaissance Capital Group non-trading receivables (Note 17) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and not acquired for trading. These meet the hold-to-collect business model test and the solely payments of principal and interest (SPPI) contractual cash flow characteristics test and are as such are classified as measured at amortised cost.

Financial assets and liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Fair value of financial instruments

Financial instruments purchased or sold are recorded on a trade date basis. The estimated fair value of financial instruments is made in accordance with the requirements of IFRS 9. Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length conditions, other than in a forced sale or liquidation. The fair values of assets or liabilities that are actively traded in organised financial markets are determined by reference to quoted market bid or ask prices, respectively, at the close of business on the reporting date. For assets where there is no active market, fair value is determined using valuation techniques.

Valuation techniques consider time value and volatility factors of underlying financial instruments as well as other relevant economic factors. The Company uses industry accepted valuation models for determining the fair value of simple financial instruments such as options or interest rate and currency swaps. For these financial instruments, inputs into models are market-observable.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty and valuation techniques employed may not fully reflect factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value on the Statement of Financial Position.

In the normal course of business, the Company may enter into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and short-term, highly liquid investments with a maturity date of three months or less from the date of acquisition that are readily convertible into known amounts of cash. They are measured at amortised cost.

Repurchase and reverse repurchase agreements

The Company enters into transactions involving the purchase of securities with a simultaneous agreement to resell (reverse repurchase agreements) and transactions involving the sale of securities with a simultaneous agreement to repurchase (repurchase agreements). In reverse repurchase agreements, the cash delivered is derecognised and a corresponding receivable, including accrued interest, is recorded on the Statement of Financial Position, recognising the Company's right to receive the cash back. In repurchase agreements, the cash received is recognised on the Statement of Financial Position with a corresponding obligation, including accrued interest, to return it. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised over the life of each agreement using the effective yield method and included in interest income and expense, respectively.

Securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not, respectively, recognised on or derecognised from the Statement of Financial Position, unless the risks and rewards of ownership are obtained or transferred. The market value of the securities received or delivered is monitored on a daily basis and additional collateral is provided or returned in accordance with the underlying agreements.

The Company offsets reverse repurchase agreements and repurchase agreements with the same counterparty for transactions covered by legally enforceable master netting agreements when net or simultaneous settlement is intended.

Receivables from and payables to brokers and dealers

Amounts receivable from and payable to brokers and dealers mainly represent payments receivable and payable on unsettled securities transactions. The amount of receivables from brokers are recorded on a trade date basis.

Subsidiaries

The Company controls a subsidiary if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Investments in subsidiaries are held at cost less impairment.

Impairment of financial assets

In accordance with IFRS 9, the Company uses the expected credit losses ("ECL") approach for recognition of impairment losses. From 1 January 2018, the Company has been recording allowance for expected credit losses for all loans, receivables and other financial assets not held at fair value through profit or loss ("FVTPL").

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL").

The ECL is calculated using three components: exposures at default ("EAD"), losses given default ("LGD") and probability of defaults ("PD"). PD is an estimate of the likelihood of default over given time horizon. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. LGD is an estimate of the loss arising in the case where default occurs at a given time.

IFRS 9 introduces a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition:

Stage 1: Financial assets which have not had a significant increase in credit risk since initial recognition.

Stage 2: Financial assets that are considered to have experienced a significant increase in credit risk since initial recognition.

Stage 3: Financial assets which are considered to be credit-impaired.

ECL is recognised in profit or loss as impairment loss on financial assets with corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the balance sheet.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company allocated financial assets into Stage 1, Stage 2 and Stage 3.

Stage 1 is represented by cash and cash equivalents, securities purchased under agreements to resell and loans receivable due to the short-term nature of these assets (i.e. less than 12 months). The Company recognises loss allowance on these assets based on 12mECL. To estimate the PD, the Company uses credit ratings assigned by external rating agencies. PD is determined based on the rating of a counterparty by reference to the relation between the rating and PD. The LGD is determined based on the average of historic recovery rates for unfunded liabilities as reported by external rating agency, Moody's.

There are no financial assets that are considered to have experienced a significant increase in credit risk since initial recognition, and therefore there are no Stage 2 financial assets.

If the Company determines that a financial asset is credit-impaired based on a qualitative and quantitative assessment, the asset transferred to Stage 3. A financial asset is assessed to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. There are currently no Stage 3 financial assets.

The Company applies the simplified approach and records lifetime expected losses on all trade receivables. For the majority of these assets, the Company uses an internally compiled provision matrix to determine PD.

The Company writes off financial assets, in whole or in part when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Company may write-off financial assets that are still subject to enforcement activity.

For subsidiaries, the Company also assesses at each reporting date whether there is an indication that an investment may be impaired. Where no indication of impairment exists, the investment is carried at cost.

Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- The amount of lease liabilities recognised;
- Initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received; and
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments net of VAT (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

The Company analyses all lease related contracts and separates them into lease and non-lease components. The latter are excluded from lease payments constituting lease liabilities and are recognised separately in accordance with the relevant standard.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal or termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Company also applies judgement in evaluating whether it is reasonably certain to exercise the option to terminate in regards to its sublease. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control.

Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of the equipment when that cost is incurred if the recognition criteria are met. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Fixtures, fittings and other equipment:	5 years
Computer and telecommunication equipment:	3 years or over the term of the licence for computer licences
Leasehold improvements:	10 years or period of the lease, if shorter

Costs related to repairs and renewals are charged when incurred and included in other operating expenses.

Taxation

Income taxes

Income taxes have been provided for in the Financial Statements in accordance with the tax legislation enacted or substantively enacted at the reporting date in the jurisdiction in which the Company operates. The income tax charge comprises current and deferred taxes and is recognised in the Statement of Comprehensive Income. Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than income taxes are recorded within other operating expenses.

Deferred taxes

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognised only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium. .

Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the Financial Statements are authorised for issue.

Revenue recognition

The Company earns trading income and fees and commission income from the sales and distribution services it provides net of value added taxes. The Company adopts the trade date method of accounting for purchase and sale of securities. Advisory fees and commissions are recognised upon completion of relevant transactions. If a transaction is split into several phases and the Company's fees are clearly defined for each phase, revenue is recognised upon satisfactory completion of performance obligation. Advisory revenues are reported net of transaction associated costs paid or payable to third parties. According to a transfer pricing agreement with Renaissance Capital Group companies, the Company earns a cost-plus return for its sales and distribution and trading activities and participates in a revenue sharing arrangement with Renaissance Capital Group companies under the transfer pricing agreement for its investment banking business. Investment banking revenues are not recognised until the Company has entitlement under the transfer pricing agreement.

Compensation Policy

The Company continues to maintain a compensation policy for its employees designed to facilitate pay-for-performance and to retain key employees. The benefits accruing under the policy are based upon employee achievements and the financial performance of the Company.

Amounts payable under the compensation policy at the reporting dates have been recognised to the extent that they related to the reporting periods and have been fully earned as of the reporting date. Amounts related to the deferral part of the LTIP are recognised in the financial statements as part of accrued salaries and performance related remuneration as these services vest as detailed below and in Note 10.

The incentive schemes' bonus structure for the Company includes two elements: direct cash payments and deferred cash payments.

The plans are described below:

a) Cash bonus

Amounts awarded to employees in the form of cash bonus are recognised in the Statement of Comprehensive Income in full in the period in which they were granted.

b) Cash deferral Tier 1

Cash Deferral Tier 1 awards granted in any given year are amortised over a specified vesting period (currently 2 years). A portion of the award is vested and paid out annually, with the unpaid balance bearing interest at Federal Funds Target Rate plus 2%. Payment is subject to the employee's continuous employment and occurs each January following the year in which the deferral has started.

As there are no plan assets as of the reporting date, the liability recognised is equal to the present value of the defined benefit obligation at the reporting date, calculated under the Projected Unit Credit Method. In determining the present value of its defined benefit obligations the Renaissance Capital Group attributes benefit to periods of service under the plan's benefit formula. The probability that some payments under the plan may not vest, i.e. that some employees may resign or leave in the future periods after the reporting date is reflected in the model via the staff turnover ratio. The Renaissance Capital Group adjusts this estimate annually based on actual data and changes in Management expectation regarding the staff turnover.

Foreign Currency Transactions

Foreign currency transactions are recorded in the functional currency at the rate ruling at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Unrealised exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their fair value. For a non-monetary financial asset classified as held for trading, unrealised exchange differences are recognised in the Statement of Comprehensive Income. For non-monetary financial assets, which are classified as available-for-sale, unrealised exchange differences are recorded directly in equity until the asset is sold or becomes impaired.

Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued, but are not yet effective, up to the date of issuance of the Financial Statements and are expected to impact the Company. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued *IFRS 17 Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not currently applicable to the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. They are not expected to have an impact on the Company.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have an impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use*, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have an impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have an impact on the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph

D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not applicable to the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have an impact on the Company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendment is not applicable to the Company.

3 Significant accounting judgements and estimates

In preparing the Financial Statements, the Directors are required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates, and the differences may be material to the Financial Statements. In the process of applying the Company's accounting policies, the Directors have made the following judgements and estimates, which have the most significant effect on the amounts recognised in the Financial Statements.

Going Concern

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The economic difficulties in Russia and sanctions against some Russian companies are being monitored by management. These can potentially have an impact on the Company given the Group's presence in Russia and its large number of Russian clients. However there has been no significant impact on the Company to date . The Company's Directors have considered the existing and anticipated effects of the COVID-19 outbreak on the Company's ability to continue in business during and after the COVID-19 lockdown period and the consequential effect on the Company's revenues, expenses and cashflow. Despite the unpredictability of the potential impact, management has not identified any material uncertainties that cast doubt on the company's ability to operate under the going concern basis but undertake continual updates to the assessments, given the evolving nature of the outbreak. The Directors believe the Company is and will be able to settle its obligations, will continue business in the foreseeable future and has sufficient cash reserves to cover expenditure of the next twelve months and beyond from the date of signing these financial statements. The Directors therefore believe that the going concern assumption is appropriate. Therefore, the Financial Statements continue to be prepared on this basis.

Impairment

The impairment requirements of IFRS 9 are complex and require management judgement, estimates and assumptions. The Company evaluates impact on its equity from adoption of IFRS 9 impairment requirements and performs detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact. The assessment process is based on available data and involves development of risk modelling methodologies and forecast scenarios considering the relative probabilities of each outcome.

Long-term incentive plan

The Company applies judgements and estimates to calculate the fair value of the obligations as of the reporting date under the long-term incentive plan. It is expected that the long-term incentive plan will be successful in retaining key employees, and as such a voluntary attrition rate of 5% (2019: 5%) is used in the calculation. Further information is detailed in Notes 2 and 9.

4 Net trading income

(in thousands of USD)	For the year ended 31 December 2020	2019
Equities	1,204	(1,107)
Fixed income	143	292
Foreign currency forwards	306	-
Foreign currency swaps	(300)	(36)
Foreign exchange revaluation	(558)	(314)
Total net trading income	**795**	**(1,165)**

Net trading income for the Company includes foreign exchange losses (excluding foreign exchange on financial instruments) of US$101,000 (2019: losses of $469,000).

5 Fee and commission income

(in thousands of USD)	For the year ended 31 December 2020	2019
Advisory fees and commission	8,708	9,264
Brokerage fees and commission	22,035	24,713
Total net fee and commission income	**30,743**	**33,977**

6 Other income

(in thousands of USD)	For the year ended 31 December 2020	2019
Sublease income	675	354
Other income	10	3
Total other income	**685**	**357**

7 Interest income and expense

(in thousands of USD)	For the year ended 31 December 2020	2019
Interest income		
Interest income on reverse repurchase agreements	-	3
Interest income on bank accounts	4	42
Interest income on loans to group companies	644	798
Interest income on bonds	125	125
Total interest income	**773**	**968**
Interest expense		
Interest expense on repurchase agreements	(28)	(14)
Interest expense on overdrafts	(43)	(26)
Interest expense on loans from group companies	(264)	(264)
Interest expense on lease liabilities	(210)	(119)
Total interest expense	**(545)**	**(423)**
Net interest income	**228**	**545**

8 Impairment on financial assets

(in thousands of USD)	For the year ended 31 December 2020	2019
(Impairment)/Reversal of impairment loss on cash	(2)	-
(Impairment)/Reversal of impairment loss on receivables	(189)	2
(Impairment)/Reversal of impairment loss on loans receivable	40	116
Total (impairment)/reversal of impairment loss on financial assets	**(151)**	**118**

(in thousands of USD)	Opening balance of ECL	Movement in ECL		Closing balance of ECL
		12-month ECL	Lifetime ECL	
Cash	-		2	2
Receivables	-	-	189	189
Loans Receivable	40	(40)	-	-
Total	**40**	**(40)**	**191**	**191**

9 Management fees

(in thousands of USD)	For the year ended 31 December 2020	2019
Salaries	-	2,148
Other remuneration	-	126
Insurance and social security contributions	135	384
Operating lease rentals on		
- Buildings	(27)	502
Other premises expenses	-	1,669
IT expenses	-	1,033
Travel, entertainment and special events	-	435
Irrecoverable VAT	26	239
Other operating expenses	(48)	691
Total management fees	**86**	**7,227**

In prior years, the Services Company settled the majority of the Company's costs and in return receives a cost-plus management fee from the Company for the services provided. In 2019, the decision was made to minimise the activities of the Services Company, and as a result the majority of non-trading costs have been transferred to the Company.

10 Personnel expenses

(in thousands of USD)	For the year ended 31 December 2020	2019
Salaries	10,595	6,797
Other remuneration	16,837	13,614
Insurance and social security contributions	1,965	1,103
Pension contributions	107	79
Total personnel expenses	**29,504**	**21,593**

The Company maintains, a compensation policy for its employees designed to facilitate pay-for-performance and to retain key employees. The benefits accruing under the policy are based upon employee achievement and the financial performance of the Renaissance Capital Group. Amounts payable under the compensation policy at reporting dates have been recognised to the extent that they related to the reporting periods and have been fully earned as of the reporting date. Performance related remuneration expense is reflected in other remuneration and includes cash bonus granted in 2020 and portions of the cash deferrals granted prior to 2020 and recognised in 2020.

	2020	**2019**
Administration	22	20
Sales	42	41
Average monthly number of employees during the year	**64**	**61**

Unrecognised LTIP compensation expense

Other remuneration expenses include respectively 2020 and 2019 LTIP portion accounted according to Note 2. The estimated amount of LTIP awards granted as of 31 December 2020 which will be recognised in future periods is as follows:

Estimated unrecognised LTIP compensation expense:

(in thousands of USD)	**At 31 December**	
	2020	**2019**
LTIP awarded in		
Year 2020	-	5,377
Year 2021	5,404	1,016
Year 2022	1,088	-
Total unrecognised compensation expense-estimate	**6,492**	**6,393**

At 31 December 2020 employee voluntary turnover for future periods of vesting is estimated to be 5% (2019: 5%) per annum.

The Company makes required social security contributions in accordance with UK legislation on behalf of its employees. These contributions are expensed as incurred and the Company has no legal or constructive obligation to make any further payment in respect of such statutory social security and pension contributions.

Directors' remuneration

(in thousands of USD)	**For the year ended 31 December**	
	2020	**2019**
Directors' remuneration	2,001	1,732
Highest paid Director	932	785
Total compensation for loss of office	-	-

There were pension contribution payments of US$3,000 (2019: US$3,000) made by the Company on behalf of the Directors during the year. The highest paid Director received US$2,000 (2019: $2,000) of pension contributions.

Aggregate compensation for the Directors was as follows:

(in thousands of USD)	**For the year ended 31 December**	
	2020	**2019**
Short term benefits	1,393	1,170
Long term benefits	608	562
Directors' remuneration	**2,001**	**1,732**

11 Other operating expenses

(in thousands of USD)	For the year ended 31 December 2020	2019
IT expenses	2,293	1,479
Travel, Entertainment and Special events	389	1,405
Irrecoverable VAT	732	806
Other premises expenses	838	453
Auditors' remuneration for		
- audit services	91	78
- CASS audit	14	13
Other expenses	647	643
Total other operating expenses	**5,004**	**4,877**

Other expenses of US$647,000 (2019: US$643,000) largely relate to professional, marketing and advertising expenses.

12 Cash and cash equivalents

(in thousands of USD)	At 31 December 2020	2019
Cash in hand	5	5
Current accounts with banks	34,610	13,824
Total cash and cash equivalents	**34,615**	**13,829**

At 31 December 2020, there was no amount within the closing balance of cash and cash equivalents which was classified as client money (2019: US$NIL).

13 Financial assets at fair value held for trading

(in thousands of USD)	At 31 December 2020	2019
Trading assets		
Equity instruments	4,872	-
Debt instruments	8,418	8.310
Total trading assets	**13,290**	**8,310**

The equity instruments at fair value held for trading comprise quoted instruments which are actively traded on major indices, while the debt instruments at fair value held for trading comprise US Treasury bonds. Both are classified as Level 1 under the fair value hierarchy.

14 Receivables

(in thousands of USD)	At 31 December 2020	2019
Customers, clearing broker & central counterparties	3,264	16,765
Trading receivables due from Group companies	5,639	3,942
Total receivables	**8,903**	**20,707**

Receivables from customers, clearing broker & central counterparties includes collateral of US$2,017,000 (2019: US$6,014,000) provided to a bank to support the operations of the Company in markets where the Company utilises the bank as custodian. The markets include Turkey and other international markets. Receivables balances include an impairment of US$189,000 (2019: US$NIL) under IFRS 9.

15 Loans receivable

(in thousands of USD)	At 31 December 2020	2019
Loan receivable from Group	-	19,000
Loans to employees	74	87
Total loans receivable	**74**	**19,087**

The Company provides a loan facility agreement of up to US$25,000,000 to Renaissance Securities (Cyprus) Limited. The loan is unsecured, matures in 2021 and earns interest at a rate of 4.5% per annum. It is callable with one day notice. Interest is payable on the scheduled maturity date. At 31 December 2020 the outstanding loan balance was US$NIL (2019: US$19,040,000 with an impairment provision under IFRS 9 of US$40,000).

16 Right-of-use assets and lease liabilities

	2020		2019	
(in thousands of USD)	Right-of-use assets	Lease liabilities	Right-of-use assets	Lease liabilities
Balance at start of year	7,877	8,140	-	-
Additions	-	-	8,665	7,692
Depreciation expense	(1,350)	-	(788)	-
Interest expense	-	210	-	119
Payment of lease liabilities	-	(955)	-	-
Foreign exchange loss	-	285	-	329
Balance at end of year	**6,527**	**7,680**	**7,877**	**8,140**

During 2019, the Company entered into new lease agreement for its premises. The new lease has a long-term contractual maturity and includes the option to terminate the lease after six years. The Company considers it reasonably certain that it will utilise this option due to the expected growth of the Company which will almost certainly require additional space. It has therefore used the shorter lease term in its calculations. The discount rate of the lease liabilities is 2.65%

17 Other assets

(in thousands of USD)	At 31 December 2020	2019
Prepayments	564	439
Amounts due from Group companies	6,592	9,237
Interest receivable	-	49
Other receivables	2,164	2,131
Total other assets	**9,320**	**11,856**

The 31 December 2020 Group balance of US$6,592,000 (2019: US$9,237,000) is non-interest bearing and repayable on demand.

18 Property and equipment

(in thousands of USD)	At 31 December 2020			
	Leasehold improvements	Fixtures and fittings	Computers and other equipment	Total
Historical cost				
Balance at 1 January 2020	2,294	59	507	2,860
Additions	81	41	246	367
Disposals / write-offs	-	-	(47)	(47)
Balance at 31 December 2020	**2,375**	**100**	**706**	**3,181**
Accumulated depreciation				
Balance at 1 January 2020	-	(35)	(230)	(265)
Depreciation	(231)	(12)	(240)	(483)
Disposals / write-offs	-	-	47	47
Balance at 31 December 2020	**(231)**	**(47)**	**(423)**	**(701)**
Net book value at 31 December 2020	**2,144**	**53**	**283**	**2,480**

(in thousands of USD)	At 31 December 2019			
	Leasehold improvements	Fixtures and fittings	Computers and other equipment	Total
Historical cost				
Balance at 1 January 2019	-	22	94	116
Additions	2,294	40	414	2,748
Disposals / write-offs	-	(3)	(1)	(4)
Balance at 31 December 2019	**2,294**	**59**	**507**	**2,860**
Accumulated depreciation				
Balance at 1 January 2019	-	(22)	(94)	(116)
Depreciation	-	(16)	(136)	(152)
Disposals / write-offs	-	3	-	3
Balance at 31 December 2019	**-**	**(35)**	**(230)**	**(265)**
Net book value at 31 December 2019	**2,294**	**24**	**277**	**2,595**

19 Investments in subsidiaries

Company	Domicile	Principal Business	Holding
Renaissance Capital Menkul Degerler A.S	Turkey	Securities trading (under liquidation)	100%

Renaissance Capital Menkul Degerler A.S is currently under liquidation. In the financial statements of the Company, the carrying value is US$248,000, following a further impairment of $60,000 in 2020 (2019: US$NIL). This reflects the amount estimated to be recoverable in 2021 on completion of the liquidation process. The registered address is 19 Mayıs Mah.Halaskargazi Cad.No.172/216, Şişli-İstanbul, Turkey.

20 Securities sold under agreements to repurchase

(in thousands of USD)	At 31 December 2020	2019
Securities sold under agreements to repurchase	4,954	-
Total securities sold under agreements to repurchase	**4,954**	**-**

21 Payables

(in thousands of USD)	At 31 December 2020	2019
Customers, clearing broker & central counterparties	4,893	5,042
Trading payables due to Group companies	1,895	9,374
Total payables	**6,788**	**14,416**

22 Accrued expenses

(in thousands of USD)	At 31 December 2020	2019
Accrued salaries and performance related remuneration	9,019	10,518
Other accrued expenses	1,161	1,391
Total accrued expenses	**10,180**	**11,909**

23 Other liabilities

(in thousands of USD)	At 31 December 2020	2019
VAT and other taxes payable, excluding income taxes	1,316	1,962
Other payables	1,574	1,333
Amounts due to Group companies	-	2
Total other liabilities	**2,890**	**3,297**

24 Loans payable

(in thousands of USD)	At 31 December 2020	2019
Subordinated loan	10,400	10,400
Total loans payable	**10,400**	**10,400**

The subordinated loan is due to Renaissance Financial Holdings Limited (the holding company of the Company) and interest is payable semi-annually. The loan accrues interest at 2.5% and matures in 2027.

The loan is stated at its carrying value, which is considered to approximate its fair value. The loan is repayable immediately on agreement of both the Company and the immediate holding company, Renaissance Financial Holdings Limited.

25 Income tax

Income tax expense

a) Analysis of charge in the year end

Tax charged in the statement of comprehensive income

(in thousands of USD)	For the year ended 31 December 2020	2019
The charge/(credit) for taxation comprises		
Current tax		
United Kingdom corporation tax on profits for the year	(660)	13
Adjustments in respect of prior periods	(17)	8
Total current tax	**(677)**	**21**
Deferred tax		
Origination and reversal of temporary differences	(43)	(117)
Adjustments in respect of prior periods	65	-
Write off of deferred tax	310	715
Total deferred tax	**332**	**598**
Income tax charge/(credit) reported in statement of comprehensive income	**(345)**	**619**

b) Factors affecting tax charge for the year end

(in thousands of USD)	For the year ended 31 December 2020	2019
(Loss)/ on ordinary activities before tax	(4,187)	(811)
(Loss) on ordinary activities multiplied by standard rate of corporation tax of 19%	(796)	(154)
Effects of		
Disallowed expenses and non-taxable income	92	50
Adjustments in respect of prior periods	49	8
Write off of deferred tax	310	715
Total (credit)/expense for the year end	**(345)**	**619**

Deferred tax

Differences between IFRS and the statutory taxation regulations in force give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases.

The deferred tax asset, comprising deductible temporary differences (US$2,891,000 gross) and tax losses (US$7,727,000 gross), has not been recognised on the balance sheet at 31 December 2020 due to uncertainty over future profits against which the losses can be utilised.

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent.

Tax legislation

Based upon the Directors' understanding of the tax regulations, the Directors believe their interpretation of the relevant tax legislation is sustainable. The Directors believe that the Company has accrued all applicable taxes.

26 Share Capital

(in thousands of USD)	At 31 December 2020	2019
Share Capital		
47,000,000 ordinary shares US$1 each (2019: 47,000,000)	47,000	47,000
Total share capital (authorised, called up and fully paid)	**47,000**	**47,000**

27 Financial risk management

Financial risk factors

The Company's trading activities expose it to a variety of financial risks that include the effects of changes in equity security prices, interest rates, foreign currency exchange rates, credit risks and liquidity. The Company's Directors have delegated to the Audit & Risk Committee, the responsibility for setting the risk management policies applied by the Company.

The policies are implemented by the Risk Department that reviews all the trading activities to enable prompt identification of financial risks so that appropriate actions may be taken. The Renaissance Capital Group's Treasury Department sets out specific guidelines to manage foreign exchange risk and the use of financial instruments to manage these.

The table below represents the breakdown of the Company's financial instruments by classes:

(in thousands of USD)		At 31 December 2020			
		At fair value		At amortised cost	
	Total	Trading Portfolio	Balances with counterparties & central clearing house	'Repo' and other financing	Other financial assets
Assets					
Cash and cash equivalents	34,615	-	-	-	34,615
Financial assets at fair value held for trading	13,290	13,290	-	-	-
Receivables	8,903	-	8,903	-	-
Loans receivable	74	-	74	-	-
Amounts due from Renaissance Capital Group companies	6,592	-	6,592	-	-
Interest receivable	-	-	-	-	-
Total financial assets	**63,474**	**13,290**	**15,569**	**-**	**34,615**
Liabilities					
Securities sold under agreements to repurchase	4,954	-	-	4,954	-
Payables	6,788	-	6,788	-	-
Loans payable	10,400	-	-	-	10,400
Amounts due to Renaissance Capital Group companies	-	-	-	-	-
Total financial liabilities	**22,142**	**-**	**6,788**	**4,954**	**10,400**

(in thousands of USD)		At 31 December 2019			
		At fair value		At amortised cost	
	Total	Trading Portfolio	Balances with counterparties & central clearing house	'Repo' and other financing	Other financial assets
Assets					
Cash and cash equivalents	13,829	-	-	-	13,829
Financial assets at fair value held for trading	8,310	8,310	-	-	-
Receivables	20,707	-	20,707	-	-
Loans receivable	19,087	-	19,087	-	-
Amounts due from Renaissance Capital Group companies	9,237	-	9,237	-	-
Interest receivable	49	-	-	49	-
Total financial assets	**71,219**	**8,310**	**49,031**	**49**	**13,829**
Liabilities					
Cash overdrafts	-	-	-	-	-
Payables	14,416	-	14,416	-	-
Loans payable	10,400	-	10,400	-	-
Amounts due to Renaissance Capital Group companies	2	-	2	-	-
Total financial liabilities	**24,818**	**-**	**24,818**	**-**	**-**

The following tables provide the fair value measurement hierarchy of the Company's assets:

(in thousands of USD)	At 31 December 2020			
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets				
Financial assets at fair value held for trading	13,290	13,290	-	-
Loans receivable	74	-	-	74
Total financial assets	**13,364**	**13,290**	**-**	**74**

(in thousands of USD)	At 31 December 2019			
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets				
Financial assets at fair value held for trading	8,310	8,310	-	-
Loans receivable	19,087	-	-	19,087
Total financial assets	**27,397**	**8,310**	**-**	**19,087**

Detailed below are the primary risks associated with the Company's business:

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

The Company is exposed to interest rate risk on lending / borrowing contracts or fixed income security positions. The majority of these contracts as well as other financial assets and liabilities generally bear interest at fixed rates over fixed time horizons. Cconsequently, the Company does not consider itself exposed to significant interest rate risk.

Price risk

The Company is exposed to equity securities price risk on the long and short trading positions held by the Company. The fair value of the long and short trading positions held has been estimated using the quoted market prices.

The Company follows the Renaissance Capital Group methodology and employs an equity Value-at-Risk ("VaR") model. The VaR measures the amount of maximum expected loss which will not be exceeded with 99.5% probability as a result of normal but adverse market price movements over a one day holding period.

The VaR models used by the Group are based on Parametric VaR for equity positions.

(in thousands of USD)	**At 31 December**	
	2020	**2019**
Total equity VaR	**307**	**-**

VaR outputs are monitored at the Company level. In addition to VaR, the Group runs a number of stress-test scenarios to provide a snapshot of the risk it might face under extreme circumstances. However, VaR methodology has the following main limitations: it is based on certain assumptions including the distribution curve of returns, confidence interval, numbers or days for calculating loss and it uses historical data which has limited ability to predict future losses. Based on the stress-test results a risk mitigating action might be taken by the Audit & Risk Committee to ensure the stress risk is contained within agreed levels.

The Company is also exposed to risk on its debt instruments (US Treasury bonds). The effect of a 10% movement in the market price of the Company's US Treasury bonds at the reporting date would, all other variables held constant, have resulted in an increase or decrease in pre-tax profit for the year and an increase or decrease net assets by US$842,000.

On a micro level, the Company uses a matrix of risk concentration and scenario limits. Any position (intra-day or overnight, single or portfolio) exceeding its corresponding limit requires pre-approval in accordance with established policy.

The Directors are satisfied that the controls it uses to manage the market risk in its trading book are adequate for the limited trading activities that the Company engages in.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate. The Company enters into forward exchange contracts for the purpose of hedging some anticipated transactions. The Company utilises Spot Foreign Exchange ("FX") rates to settle actual transactions related to financial instruments denominated in a currency other than the functional currency of the Company. All gains and losses resulting from the settlement of the financial instruments are recorded within the Statement of Comprehensive Income.

The Company is subject to currency risk on the following financial instruments:

(in thousands of USD)	At 31 December 2020			
	USD	**GBP**	**Other**	**Total**
Assets				
Cash and cash equivalents	31,963	1,883	770	34,615
Financial assets at fair value held for trading	13,290	-	-	13,290
Receivables	8,076	10	817	8,903
Loans receivable	-	74	-	74
Amounts due from Renaissance Capital Group companies	6,592	-	-	6,592
Interest receivable	-	-	-	-
Total financial assets	**59,921**	**1,967**	**1,587**	**63,474**
Liabilities				
Securities purchased under agreements to resell	4,954	-	-	4,954
Payables	5,785	-	1,003	6,788
Loans payable	10,400	-	-	10,400
Amounts due to Renaissance Capital Group companies	-	-	-	-
Total financial liabilities	**21,139**	**-**	**1,003**	**22,142**
Net position				
Net trade related assets	42,590	1,893	584	45,067
Net non- trade related assets	(3,808)	74	-	(3,734)
Total net position	**38,782**	**1,967**	**584**	**41,333**

(in thousands of USD)	At 31 December 2019			
	USD	**GBP**	**Other**	**Total**
Assets				
Cash and cash equivalents	10,122	1,575	2,132	13,829
Financial assets at fair value held for trading	8,310	-	-	8,310
Receivables	17,413	844	2,450	20,707
Loans receivable	19,000	87	-	19,087
Financial assets at fair value through profit and loss	-	-	-	-
Amounts due from Renaissance Capital Group companies	9,237	-	-	9,237
Interest receivable	49	-	-	49
Total financial assets	**64,131**	**2,506**	**4,582**	**71,219**
Liabilities				
Cash overdrafts	-	-	-	-
Payables	11,170	844	2,402	14,416
Loans payable	10,400	-	-	10,400
Amounts due to Renaissance Capital Group companies	2	-	-	2
Total financial liabilities	**21,572**	**844**	**2,402**	**24,818**
Net position				
Net trade related assets	24,675	1,575	2,180	28,430
Net non- trade related assets	17,884	87	-	17,971
Total net position	**42,559**	**1,662**	**2,180**	**46,401**

The effect of a 10% strengthening of GBP against the US Dollar at the reporting date on the net assets carried at that date would, all other variables held constant, have resulted in an increase in post-tax profit for the year and increase net assets by US$297,000 (2019: US$120,000). A 10% weakening in the exchange rate would, on the same basis, have decreased post-tax profit and decreased net assets by US$243,000 (2019: US$98,000).

Credit risk

The Company has no significant concentrations of credit risk with clients or market counterparties outside of inter-group balances. The Company has implemented policies that require appropriate credit checks on potential customers before trading commences. Financial instrument counterparties are subject to pre-approval by the Compliance and Risk functions. Provisions for bad and doubtful debts are recognised when the ultimate recoverability of outstanding balances are deemed uncertain.

The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position and the net exposure, taking into account the value of collateral held. The maximum exposure is shown gross, through the use of collateral and net credit exposure is shown after taking into account the value of collateral.

The amounts of gross maximum credit risk exposure represent carrying values of financial assets as of the respective reporting date excluding cash on hand and equity instruments are set out below. There are no financial assets that are past due or impaired.

(in thousands of USD)	At 31 December 2020		
	Gross maximum exposure	**Exposure covered by collateral**	**Net exposure**
Cash and cash equivalents	34,615	-	34,615
Financial assets at fair value held for trading	13,290	-	13,290
Receivables	8,903	-	8,903
Loans receivable	74	-	74
Amounts due to Renaissance Capital Group companies	6,592	-	6,592
Interest receivable	-	-	-
Total	**63,474**	**-**	**63,474**

(in thousands of USD)	At 31 December 2019		
	Gross maximum exposure	**Exposure covered by collateral**	**Net exposure**
Cash and cash equivalents	13,829	-	13,829
Financial assets at fair value held for trading	8,310	-	8,310
Receivables	20,707	-	20,707
Loans receivable	19,087	-	19,087
Amounts due to Renaissance Capital Group companies	9,237	-	9,237
Interest receivable	49	-	49
Total	**71,219**	**-**	**71,219**

The Company's trading activities involve execution and settlement of equity securities and financial instrument transactions. Trading in cash equities is considered as the main business activity of the Company. In these transactions, the Company acts either as a principal or as an agent.

The Company predominantly executes trades on an agency basis, but also trades on a principal basis in equity instruments listed on the London Stock Exchange, AIM Exchange, Russian Trading System, Moscow Interbank Currency Exchange, Istanbul Stock Exchange and other European Exchanges. As a member of the London Stock Exchange (LSE), the Company continues to take counterparty risk on trades executed on an agency basis.

Counterparty risk is a combination of "pre-settlement" and/or "settlement" risk, and limits are assigned accordingly. The Company's exposure to pre-settlement credit risk associated with counterparty non-performance is limited to the net replacement cost of the contracts in a gain position which are recognised in the Consolidated Financial Statements. Settlement credit risk occurs when the Company expects delivery of an asset by the counterparty with settlement other than delivery-versus-payment ("DVP"), including cases of pre-delivered sale or prepaid purchase.

The Company manages its credit risk by following an established credit approval process, monitoring credit limits, and insisting on collateral as it considers necessary. This includes analysis of risk concentrations, in particular those to individual counterparties and products. As a consequence, appropriate limits within the Company's risk appetite to the maximum exposure per individual counterparty are set.

The credit approval process is based upon a process of quantitative and qualitative analysis. Reviews by the Compliance and Risk functions are preconditions to granting approval. Counterparty limits are monitored at both a Company and a Renaissance Capital Group Level.

Russian local equity transactions are settled either on a DVP basis or a pre-payment or free delivery basis via NSD (the National Settlement Depository in Russia), Euroclear, or between the accounts of clients' local custodians. ADRs and GDRs are settled on a DVP basis via Euroclear, DTC or CREST. Counterparty limits are monitored at both Company and a Renaissance Capital Group Level.

The table below provides a breakdown of the Company's maximum counterparty exposure by ratings. The Company applies the internal rating system of counterparties' classification by their credit quality and default probability. The Company uses similar rating classes as external rating agencies. The Company's counterparty exposures are short-term by nature.

(in thousands of USD)	At 31 December 2020	2019
Internal rating		
AA+	8,418	16,635
AA	32,746	9,555
A+	-	38
A	1,750	2,210
A-	2,021	6,021
AA-	182	-
BBB+	136	1,011
BBB	-	1,789
BBB-	-	13
BB+	-	409
BB-	197	800
B	23	519
B-	12,230	32,078
CCC	812	-
NR	4,959	141
Total balance sheet items	**63,474**	**71,219**

Liquidity and Funding Risk

Liquidity risk is the risk that the Company will be unable to meets its payment obligations when they fall due under normal and stressed circumstances. To limit this risk, the Directors of the Company established an overall liquidity and funding framework. The liquidity and funding risk management framework is designed to mitigate the potential risk that the Company may be unable to access adequate financing to service its financial obligations when they become due without material adverse impact on the business. The key objectives of the liquidity and funding risk management framework are to support the successful execution of business strategies while ensuring ongoing and sufficient liquidity through the business cycle and during periods of financial distress. Through the Company's Audit & Risk Committee as well as various risk and control committees at the Renaissance Capital Group level, the Directors review business performance relative to this framework, monitor the availability of alternative sources of financing, and oversee the liquidity and currency sensitivity of the Company's asset and liability position.

These committees, along with the Renaissance Capital Group's Treasury Department and other control functions, also assist in evaluating, monitoring and controlling the impact that the Company's business activities have on its consolidated Statement of Financial Position, liquidity and capital structure, thereby helping to ensure that its business activities are integrated with the Company's liquidity and capital framework.

The Company's primary sources of liquidity are its own cash, repurchase agreements and uncommitted support from Renaissance Capital Group.

Liquidity is monitored by assessing the surplus liquidity to ensure that the Company can meet all anticipated liabilities arising as and when they fall due after taking into account projected future expenditure.

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at 31 December 2020 and 2019 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

(in thousands of USD)	At 31 December 2020						
	Call	**3 months or less**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**No specified maturity**	**Total**
Assets							
Cash and cash equivalents	34,615	-	-	-	-	-	34,615
Financial assets at fair value held for trading	-	21	13,269	-	-	-	13,290
Receivables	-	6,400	486	-	-	2,017	8,903
Loans receivable	-	27	-	47	-	-	74
Amounts due from Renaissance Capital Group companies	-	4,152	2,440	-	-	-	6,592
Interest receivable	-	-	-	-	-	-	-
Total financial assets	**34,615**	**10,600**	**16,195**	**47**	**-**	**2,017**	**63,474**
Liabilities							
Securities purchased under agreements to resell	-	14	4,940	-	-	-	4,954
Payables	-	6,078	710	-	-	-	6,788
Loans payable	-	-	-	-	10,400	-	10,400
Amounts due to Renaissance Capital Group companies	-	-	-	-	-	-	-
Total financial liabilities	**-**	**6,092**	**5,650**	**-**	**10,400**	**-**	**22,142**
Net total position	**34,615**	**4,508**	**10,545**	**48**	**(10,400)**	**2,017**	**41,332**
Cumulative	**34,615**	**39,123**	**49,668**	**49,716**	**39,316**	**41,332**	**41,332**

(in thousands of USD)	At 31 December 2019						
	Call	**3 months or less**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**No specified maturity**	**Total**
Assets							
Cash and cash equivalents	13,829	-	-	-	-	-	13,829
Financial assets at fair value held for trading	-	21	-	8,289	-	-	8,310
Receivables	-	14,693	-	-	-	6,014	20,707
Loans receivable	19,000	21	-	66	-	-	19,087
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-
Amounts due from Renaissance Capital Group companies	-	9,237	-	-	-	-	9,237
Interest receivable	49	-	-	-	-	-	49
Total financial assets	**32,878**	**23,972**	**-**	**8,355**	**-**	**6,014**	**71,219**
Liabilities							
Cash overdrafts	-	-	-	-	-	-	-
Payables	-	14,416	-	-	-	-	14,416
Loans payable	-	-	-	-	10,400	-	10,400
Amounts due to Renaissance Capital Group companies	-	2	-	-	-	-	2
Total financial liabilities	**-**	**14,418**	**-**	**-**	**10,400**	**-**	**24,818**
Net total position	**32,878**	**9,554**	**-**	**8,355**	**(10,400)**	**6,014**	**46,401**
Cumulative	**32,878**	**42,432**	**42,432**	**50,787**	**40,387**	**46,401**	**46,401**

Changes in liabilities arising from financing activities

(in thousands of USD)			At 31 December 2020				
	1 Jan 2020	**Cash Flows**	**Changes arising from obtaining / losing control of subsidiaries**	**Foreign exchange movement**	**Changes in fair values**	**Other**	**31 Dec 2020**
Liabilities							
Loans payable	10,400	-	-	-	-	-	10,400
Total	**10,400**	**-**	**-**	**-**	**-**	**-**	**10,400**

(in thousands of USD)			At 31 December 2019				
	1 Jan 2019	**Cash Flows**	**Changes arising from obtaining / losing control of subsidiaries**	**Foreign exchange movement**	**Changes in fair values**	**Other**	**31 Dec 2019**
Liabilities							
Loans payable	10,400	-	-	-	-	-	10,400
Total	**10,400**	**-**	**-**	**-**	**-**	**-**	**10,400**

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, human behaviour and systems or from external events. The Company undertakes a rigorous program of monitoring and assessing operational risk incidents. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures, including the use of internal audit. The Company has monthly KRI reporting in place in order to assess and manage operational risk.

Capital management

The primary objective of the Company's capital management is to ensure that the Company maintains sufficient liquidity and regulatory capital. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the regulatory environment. Regulatory capital comprises equity (share capital and reserves plus/minus retained earnings) plus subordinated debt. There are daily Pillar I/CRD IV capital ratio calculations to ensure that capital exceeds the regulatory capital requirements. The key Total Capital Ratio at 31 December 2020 was 46% (2019:49%) versus a regulatory requirement of 14.56%.

Regulatory Capital

The Company is authorised and regulated by the Financial Conduct Authority (FCA) in the UK and is subject to capital adequacy rules applicable to investment firms. Consistent with others in the industry the Company manages capital on the basis of regulatory capital in accordance with Pillar I and Pillar II. The Company maintains adequate excess capital to ensure that any significant movements in volumes or market values do not impact the Company's compliance with regulatory requirements.

Compliance with FCA regulatory requirements was maintained throughout the year. The Company has an Internal Capital Adequacy Assessment Process (commonly known as the ICAAP), which it uses to manage capital. This ICAAP covers the Company and takes into account the risk profile and future plans of the business. Under this process the Company is satisfied that there is either sufficient capital to absorb potential losses or that there are mitigating controls in place to prevent the risks occurring.

Where significant business initiatives are planned, the effects on the risk profile of the Company and therefore its capital requirement are considered as part of the business plan.

28 Related party transactions

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship attention is directed to its substance not merely the legal form.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as at 31 December 2020 and 2019 and are set out below.

Balances with related parties

At 31 December 2020 and 2019 the outstanding balances with related parties were as follows:

(in thousands of USD)	At 31 December 2020		
	Parent	**Entities under common control**	**Subsidiary**
Assets			
Receivables	-	5,639	-
Loans receivable	-	-	-
Other assets	1,197	5,395	-
Investments in subsidiaries	-	-	248
Total assets	**1,197**	**11,034**	**248**
Liabilities			
Securities sold under agreements to repurchase	-	4,954	-
Payables	-	1,895	-
Loans payable	10,400	-	-
Other liabilities	-	-	-
Total liabilities	**10,400**	**6,849**	**-**

(in thousands of USD)	At 31 December 2019		
	Parent	**Entities under common control**	**Subsidiary**
Assets			
Receivables	-	3,942	-
Loans receivable	-	19,000	-
Other assets	5,531	3,755	-
Investments in subsidiaries	-	-	308
Total assets	**5,531**	**26,697**	**308**
Liabilities			
Securities sold under agreements to repurchase	-	-	-
Payables	-	9,374	-
Loans payable	10,400	-	-
Other liabilities	-	2	-
Total liabilities	**10,400**	**9,376**	**-**

Balances with parent represents balances with Renaissance Financial Holdings Limited.

Balances with entities under common control consists of balances with Renaissance Securities (Cyprus) Limited (net asset of US$1,730,000), Renaissance Capital Services Limited (net asset of US$2,379,000), Renaissance Securities (Pty) Limited (net asset of US$96,000), LLC Renaissance Broker (net asset of US$15,000) and Renaissance Capital – Financial Consultant (net liability of US$37,000).

Balances with subsidiaries consists of balances with Renaissance Capital Menkul Degerler A.S.

Unless otherwise stated elsewhere in the financial statements, all intercompany balances are unsecured, interest free and repayable on demand.

Transactions with related parties

The income and expense items with related parties for the years ended 31 December 2020 and 31 December 2019 were as follows:

(in thousands of USD)	**For the year ended 31 December 2020**		
	Parent	**Entities under common control**	**Subsidiaries**
Net trading income	-	1,499	-
Fee and commission income	1,137	26,349	-
Impairment loss	-	(149)	(60)
Net interest income	-	365	-
Management fees	-	(86)	-

(in thousands of USD)	**For the year ended 31 December 2019**		
	Parent	**Entities under common control**	**Subsidiaries**
Net trading income	-	1,988	-
Fee and commission income	5,470	25,701	-
Impairment loss	-	118	(6)
Net interest income	(264)	798	-
Management fees	-	(7,227)	-

Transactions with parent represents transactions with Renaissance Financial Holdings Limited.

Transactions with entities under common control consists of transactions with Renaissance Securities (Cyprus) Limited (net income of US$28,117,000), Renaissance Securities (Pty) Limited (net income of US$96,000), Renaissance Capital Services Limited (net expense of US$86,000), Renaissance Capital – Financial Consultant (net expense of US$146,000) and LLC Renaissance Broker (net expense of US$3,000).

Transactions with subsidiaries consists of balances with Renaissance Capital Menkul Degerler A.S.

29 Financial commitments and contingencies

Lease commitments – company as lessee

The Company has entered into commercial leases on its premises.

Cumulative future minimum lease payments under non-cancellable leases as at 31 December are as follows:

(in thousands of USD)	**At 31 December 2020**	**2019**
Within one year	2,750	1,346
Between one and five years	9,513	12,131
Total operating lease commitments	**12,263**	**13,477**

Company as lessor

The Company has entered into a sublease on its premises.

Cumulative future minimum lease receipts under non-cancellable leases as at 31 December are as follows:

(in thousands of USD)	**At 31 December**	
	2020	**2019**
Within one year	837	800
Between one and five years	1,329	2,075
Total operating lease commitments	**2,166**	**2,875**

Capital commitments

At 31 December 2020, the Group had no capital commitments (2019: US$NIL).

Legal claims

In the process of liquidating the Company's unconsolidated subsidiary, Tasfiye Halinde Renaissance Capital Ticari Danışmanlık Hizmetleri Anonim Şirketi (previously known as Renaissance Capital Menkul Degerler A.S.), the Company, upon the request of the Turkish Capital Markets Board, issued letters of undertaking stating that the financial information of Renaissance Capital Menkul Degerler A.S. was correct and not misleading and that in the event of any claims against Renaissance Capital Menkul Degerler A.S. from its clients, the Company would satisfy such claims jointly with Renaissance Capital Menkul Degerler A.S. The Company's immediate parent company, Renaissance Financial Holdings Limited, provided an indemnity letter to the Company stating that Renaissance Financial Holdings Limited shall pay to the Company any amounts paid out under the letters of undertaking.

30 Events occurring subsequent to the reporting date

There were no events occurring subsequent to the reporting date requiring disclosure in these Financial Statements.

31 Controlling party and parent company

The Group's ultimate parent undertaking and controlling party at the year-end is Onexim Holdings Limited (Cyprus). The sole beneficiary of this undertaking is Mikhail Prokhorov. The Company's immediate parent company, Renaissance Financial Holdings Limited, is the largest and smallest group preparing consolidated financial statements in accordance with IFRS. These financials are available c/o Apex Corporate Services Ltd, 4th Floor, Vallis Building, 58 Par-la-ville Road, City of Hamilton, HM11, Bermuda and at Renaissance Financial Holdings Limited's place of business as an Oversea Company in Cyprus: Alpha Business Centre, 8th Floor, 27, Pindarou Street, 1060, Nicosia, Cyprus, and in accordance with section 401 of the Companies Act 2006 are filed together with the Company's financial statements. Given that the parent company has elected to prepare consolidated financial statements, the Company has made use of the exemption from preparing consolidated financial statements.