Renaissance Capital Limited

Consolidated Financial Statements, Strategic Report and Directors Report

for the year ended 31 December 2018

REGISTRATION NUMBER: 03059237

Contents

General Information

Directors	A Simone H Main (resigned 29 March 2018) M Reed J Lewin (appointed 21 February 2018) P Gough (Non-Executive) (resigned 30 April 2018)
Secretary	N Fagan
Registered address	50 Bank Street London United Kingdom E14 5NT
Parent company	Renaissance Financial Holdings Limited Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
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	Eurobank Cyprus Limited 41 1065 Arch. Makarios II Ave Nicosia, Cyprus
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	Mashreqbank psc 1 Al Ghurair Centre Al Riqqa Street Deira Dubai United Arab Emirates
Bank Pekao SA Lipowy Office Park 31 Zwiki i Wigury Street 02-091 Warszawa Poland	Citibank A.S., Turkey Tefen Tower Eski Buyukdere Cad No.209 34394 Levent, Istanbul Turkey AAO Raiffeisenbank	Türkiye Garanti Bankası A.Ş. Nispetiye Mah. Aytar Cad. No:2 34340 Levent Beşiktaş Istanbul
Citibank Spain Ortega y Gasset 29. 2nd Floor 28006 Madrid Spain		

Strategic Report

The Directors present their strategic report for the year ended 31 December 2018.

1 Results

Renaissance Capital Limited (the "Company" or "RCL"), together with its subsidiaries, has made a consolidated net loss for the year of US$1,893,000 (2017: net profit of US$2,195,000).

This reduction in profit was largely driven by a decrease in investment banking activity as well as losses in the Company's subsidiaries.

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, and is passported throughout the European Union.

The Company transacts with mainly UK and European 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"), 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 2018, 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 2018. The carrying value was written down by US$10,000 in 2018 to US$ 308,000 (2017: US$ 318,000) which reflects the Directors' expectation of the net realisable value up to the targeted final liquidation some time in 2019.

During the year, the Company's other subsidiary, Renaissance Capital Dubai Limited ("RCDL") ceased trading and filed a notification to withdraw its regulatory license from the Dubai Financial Services Authority ("DFSA"). The DFSA subsequently issued a Notice of Withdrawal of Licence of RCDL on 29 November 2018 and the subsidiary began liquidation proceedings. The carrying value was written down to US$380,000 which reflects the Directors' expectation of the net realisable value and resulted in an impairment loss of US$1,190,000 (2017: US$ 1,772,000). The liquidation of the company was eventually completed on 18 March 2019 and a final distribution received by the Company of US$ 375,000.

The Board continues to invest where it sees the opportunity for profitable growth, with hires in the Investment Banking division, Equities trading, Fixed Income Sales and Trading teams as well as senior hires in Legal and Compliance.

RCL continues to maintain a strong balance sheet. The liquidity of the Company continues to be strong with 25% (2017: 35%) of total assets held in cash and US Treasury Bills and 39% (2017: 47%) 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.

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	Investment business
Operating income	US$24,494,000
Average number of employees	56
Profit/(loss) before tax	US$(1,984,000)
Corporation tax paid	-
Public subsidies received	-

	United Arab Emirates
Entity name	Renaissance Capital Dubai Limited
Nature of activities	In liquidation
Operating income	US$398,000
Average number of employees	4
Profit/(loss) before tax	US$(1,002,104)
Corporation tax paid	-
Public subsidies received	-

	Turkey
Entity name	Renaissance Capital Menkul Degerler A.S
Nature of activities	In liquidation
Operating income	(15)
Average number of employees	-
Profit/(loss) before tax	(125)
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)	2018	2017
Profit/(Loss) before tax	US$(1,893)	US$2,195
Capital ratio	69%	67%

The Company continues to be supported by the Group. 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.

Principal risks and uncertainties

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

Market risk exposure 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.

Signed in accordance with a resolution of the Board of Directors and authorised and approved for issue on 28 May 2019.

J Lewin

Director

28 May 2019

Directors' Report

The Directors submit their Report and Financial Statements for the year ended 31 December 2018.

1 Directors and their interests

The Directors who held office during the year and subsequent to 31 December 2018 were as follows:

A Simone	
H Main	(resigned 29 March 2018)
M Reed	
J Lewin	(appointed 21 February 2018)
P Gough (Non-Executive)	(resigned 30 April 2018)

N Fagan (nee Semakova) has acted as Company Secretary during the year.

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 Dividends and Charitable Contributions

The Directors do not recommend the payment of a final dividend (2017:US$NIL). During the year, the Company made no charitable donations (2017: US$NIL), however the Services Company has recharged its charitable donations of US$1,000 (2017: US$1,000) to the company as part of its management fee.

3 Future developments

On 29 March 2017 the UK triggered Article 50 of the Treaty of Lisbon and so started the formal process to leave the European Union ("Brexit"). Market volatility lead by uncertainty as a result of Brexit continued throughout 2018 and seems set to remain for most of 2019. The impact on the Company has been relatively minor with no direct loss of business in 2018. Brexit has not and is not expected to represent a change to principal risks affecting the future performance and position of the business with no matters that warrant adjustment of the financial results as at 31 December 2018 and up to the date of signature of these Financial Statements.

4 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 Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union 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.

5 Disclosure of information to auditors

At the date of the Board of Directors' approval of this Revised Report and Revised Financial Statements for the year ended 31 December 2018 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.

6 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.

J Lewin

Director

28 May 2019

Independent Auditor's Report to Members of Renaissance Capital Limited

Opinion

We have audited the financial statements of Renaissance Capital Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity and Consolidated statement of cash flows, and the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Leigh Treacy (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

28 May 2019

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

Consolidated Statement of Comprehensive Income

(in thousands of USD)		For the year ended 31 December	
	Note	2018	2017
Operating income			
Net trading (expense)/income	4	(992)	136
Fee and commission income	5	26,073	23,641
Interest income	6	1,072	845
Interest expense	6	(44)	(127)
Impairment on financial assets	7	(14)	-
Total operating income		26,095	24,495
Management fees	8	(26,434)	(19,125)
Depreciation	18	(27)	(90)
Other operating expenses	9	(1,761)	(3,085)
Total operating expenses		(28,222)	(22,300)
Net (loss)/profit before tax		(2,127)	2,195
Income tax	25	234	-
Net (loss)/profit for the year		(1,893)	2,195
Other comprehensive income			
Unrealised gain on financial assets available-for-sale, net of tax		-	1
Foreign currency translation on consolidation		(18)	(11)
Total comprehensive (loss)/profit for the period, net of tax		(1,911)	2,185

The accompanying notes on pages 20 to 50 are an integral part of these Financial Statements.

Company Statement of Comprehensive Income

(in thousands of USD)		For the year ended 31 December	
	Note	**2018**	**2017**
Operating income			
Net trading (expense)/income	4	(986)	143
Fee and commission income	5	25,682	22,829
Impairment loss	7,19	(1,214)	(1,742)
Interest income	6	1,056	811
Interest expense	6	(44)	(127)
Total operating income		**24,494**	**21,914**
Management fees	8	(26,434)	(19,125)
Other operating expenses	9	(278)	(337)
Total operating expenses		**(26,712)**	**(19,462)**
Net (loss)/profit before tax		**(2,218)**	**2,452**
Income tax	25	234	-
Net (loss)/profit for the year		**(1,984)**	**2,452**
Other comprehensive income			
Unrealised gain on financial assets available-for-sale, net of tax		-	1
Total comprehensive (loss)/profit for the period, net of tax		**(1,984)**	**2,453**

The accompanying notes on pages 20 to 50 are an integral part of these Financial Statements.

Consolidated Statement of Financial Position

(in thousands of USD)		At 31 December	
	Note	**2018**	**2017**
Assets			
Current assets			
Cash and cash equivalents	10	5,683	18,753
Financial assets at fair value held for trading	11	8,211	8,258
Securities purchased under agreements to resell	12	-	1,217
Receivables	13	13,346	27,159
Loans receivable	14	20,222	17,050
Other assets	15	8,953	5,711
Non-current assets			
Financial assets at fair value through profit and loss	16	4	-
Financial assets available-for-sale	17	-	4
Property and Equipment	18	-	27
Total assets		**56,419**	**78,179**
Liabilities			
Current liabilities			
Cash overdrafts	20	183	-
Payables	21	3,725	21,004
Current tax liabilities		6	6
Accrued expenses	22	105	290
Other liabilities	23	3,936	6,359
Non-current liabilities			
Loans payable	24	10,400	10,400
Total liabilities		**18,355**	**38,059**
Equity			
Share capital	26	47,000	47,000
Retained loss		(10,187)	(8,149)
Foreign exchange translation		545	563
Other reserves (distributable)		154	154
Capital redemption reserve		552	552
Total equity attributed to the shareholder		**38,064**	**40,120**
Total liabilities and equity		**56,419**	**78,179**

The Financial Statements on pages 12 to 50 were approved by the Board of Directors, authorised for issue and signed on its behalf by:

J Lewin

Director

28 May 2019

Company Statement of Financial Position

(in thousands of USD)		At 31 December	
	Note	2018	2017
Assets			
Current assets			
Cash and cash equivalents	10	5,127	17,787
Financial assets at fair value held for trading	11	8,211	8,258
Securities purchased under agreements to resell	12	-	1,217
Receivables	13	13,346	26,898
Loans receivable	14	19,997	15,850
Other assets	15	8,781	5,451
Investments in subsidiaries	19	688	1,388
Non-current assets			
Financial assets at fair value through profit and loss	16	4	-
Financial assets available-for-sale	17	-	4
Total assets		**56,154**	**76,853**
Liabilities			
Current liabilities			
Cash overdrafts	20	183	-
Payables	21	3,725	20,950
Accrued expenses	22	85	100
Other liabilities	23	3,924	5,437
Non-current liabilities			
Loans payable	24	10,400	10,400
Total liabilities		**18,317**	**36,887**
Equity			
Share capital	26	47,000	47,000
Retained loss		(9,715)	(7,586)
Other reserves (distributable)		-	-
Capital redemption reserve		552	552
Total equity attributed to the shareholder		**37,837**	**39,966**
Total liabilities and equity		**56,154**	**76,853**

The Financial Statements on pages 12 to 50 were approved by the Board of Directors, authorised for issue and signed on its behalf by:

J Lewin

Director

28 May 2019

Consolidated Statement of Changes in Equity

(in thousands of USD)	Share capital	Retained earnings	Fair Value reserve	Capital redemption reserve	Foreign exchange translation reserve	Other reserves (distributable)	Total
Balance at 1 January 2017	**47,000**	**(10,344)**	**(1)**	**552**	**574**	**154**	**37,935**
Comprehensive income		2,195	1	-	(11)	-	2,185
Balance at 31 December 2017	**47,000**	**(8,149)**	**-**	**552**	**563**	**154**	**40,120**
Impact of adopting IFRS 9	-	(145)	-	-	-	-	(145)
Comprehensive income	-	(1,893)	-	-	(18)	-	(1,911)
Balance at 31 December 2018	**47,000**	**(10,187)**	**-**	**552**	**545**	**154**	**38,064**

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 20 to 50 are an integral part of these Financial Statements.

Company Statement of Changes in Equity

(in thousands of USD)	Share capital	Retained earnings	Fair Value reserve	Capital redemption reserve	Foreign exchange translation reserve	Other reserves	Total
Balance at 1 January 2017	**47,000**	**(10,038)**	**(1)**	**552**	**-**	**-**	**37,513**
Comprehensive income		2,452	1	-	-	-	2,453
Balance at 31 December 2017	**47,000**	**(7,586)**	**-**	**552**	**-**	**-**	**39,966**
Impact of adopting IFRS 9	-	(145)	-	-	-	-	(145)
Comprehensive income	-	(1,984)	-	-	-	-	(1,984)
Balance at 31 December 2018	**47,000**	**(9,715)**	**-**	**552**	**-**	**-**	**37,837**

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 20 to 50 are an integral part of these Financial Statements.

Consolidated Statement of Cash Flows

(in thousands of USD)		For the year ended 31 December	
		2018	2017
	Note		
Cash flows used in/from operating activities			
Profit/(loss) for the year		(1,911)	2,195
Adjustments for non-cash and other items:			
Depreciation	18	27	90
Income tax expense/(credit)	25	(234)	-
Interest income	6	(1,072)	(845)
Interest expense	6	44	127
Opening impairment loss under IFRS 9		(145)	-
Foreign exchange translation		18	(11)
Adjusted profit/(loss) for year		**(3,273)**	**1,556**
(Increase)/decrease in operating assets			
Interest received		402	1,054
Income tax from group companies for group relief		234	-
Financial assets at fair value held for trading		47	225
Financial assets at fair value through profit and loss		(4)	-
Financial assets available-for-sale		4	-
Securities purchased under agreements to resell		1,217	(523)
Receivables		13,817	695
Other assets		(2,592)	(4,207)
Increase/ (decrease) in operating liabilities			
Interest paid		(41)	(132)
Financial liabilities at fair value held for trading		-	(392)
Payables		(17,284)	6,081
Accrued expenses		(185)	37
Other liabilities		(2,423)	2,596
Net cash (used in)/generated from operations		**(10,081)**	**6,990**
Cash flows used in/from investing activities			
Purchase of property and equipment		-	(7)
Total cash flows used in investing activities		**-**	**(7)**
Cash flows used in/from financing activities			
Loans receivable		(3,172)	2,650
Total cash flows (used in)/generated from financing activities		**(3,172)**	**2,650**
Net change in cash and cash equivalents		**(13,253)**	**9,633**
Cash and cash equivalents at the beginning of the year		18,753	9,120
Cash and cash equivalents at the end of the year	10,20	**5,500**	**18,753**

The accompanying notes on pages 20 to 50 are an integral part of these Financial Statements.

Company Statement of Cash Flows

(in thousands of USD)	Note	For the year ended 31 December 2018	2017
Cash flows used in/from operating activities			
Profit/(loss) for the year		(1,984)	2,452
Adjustments for non-cash and other items:			
Income tax expense/(credit)	25	(234)	-
Interest income	6	(1,056)	(811)
Interest expense	6	44	127
Impairment of investments	19	1,200	1,742
Opening impairment loss under IFRS 9		(145)	-
Adjusted (loss)/profit for year		**(2,175)**	**3,510**
(Increase)/decrease in operating assets			
Interest received		402	1,020
Income tax from group companies for group relief		234	-
Financial assets at fair value held for trading		47	225
Financial assets at fair value through profit and loss		(4)	
Financial assets available-for-sale		4	-
Securities purchased under agreements to resell		1,217	(523)
Receivables		13,552	89
Other assets		(2,675)	(4,183)
Increase/ (decrease) in operating liabilities			
Interest paid		(44)	(132)
Financial liabilities at fair value held for trading		-	(392)
Payables		(17,226)	6,070
Accrued expenses		(15)	7
Other liabilities		(1,513)	2,349
Net cash (used in)/generated from operations		**(8,186)**	**8,040**
Cash flows used in/from investing activities			
Investment in subsidiaries	19	(500)	-
Total cash flows used in investing activities		**(500)**	-
Cash flows used in/from financing activities			
Loans receivable		(4,147)	2,650
Total cash flows (used in)/generated by financing activities		**(4,147)**	**2,650**
Net change in cash and cash equivalents		**(12,843)**	**10,690**
Cash and cash equivalents at the beginning of the year		17,787	7,097
Cash and cash equivalents at the end of the year	10	**4,944**	**17,787**

The accompanying notes on pages 20 to 50 are an integral part of these Financial Statements.

Notes to the Financial Statements

1 Organisation

Renaissance Capital Limited (the "Company" or "RCL", and together with its subsidiaries the "Group") 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, and is passported throughout the European Union. The Company transacts with mainly UK and European 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 IFRS) ("Renaissance Capital Group"), to fill client orders and execute trades in those markets. This is 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 Dubai Limited ("RCDL") and Renaissance Capital Menkul Degerler A.S, the Company's subsidiaries, are currently in the process of liquidation.

2 Summary of significant accounting policies

Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The significant accounting policies adopted by the Group are set out below.

The Consolidated 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 Group's functional currency.

The preparation of the Consolidated Financial Statements in conformity with IFRS 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").

Basis of consolidation

The Financial Statements have been prepared on a consolidated basis as the Company's subsidiaries are 100% owned by the Company, and as such RCL has control over them.

Changes in accounting policy and disclosures

In these financial statements, the Group has applied IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2018, for the first time. The Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 'Financial Instruments'

In July 2014, the IASB issued IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The Group has adopted IFRS 9, except for hedge accounting which is not applied by the Group, with a date of transition of 1 January 2018. The Group did not early adopt any of IFRS 9 in previous periods.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below:

Classification and measurement

Under IFRS 9 financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVTOCI) and those to be measured subsequently at fair value through profit or loss (FVTPL). Classification of debt instruments is driven by the entity's business model for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sell assets may be classified as FVTOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVTPL. Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition. Investments in equity instruments are always measured at fair value. However, management can make irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. Most of requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9.

Impairment

IFRS 9 introduced a new model for recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Entities must calculate probability of default (PD), losses given default (LGD) and exposures at default (EAD) to estimate security-level expected credit loss provisioning amounts. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. The Group applied the simplified approach and recorded lifetime expected losses on all trade receivables.

Effect of transition to IFRS 9

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Accordingly, the comparative information for 2017 is reported under IAS 39 and therefore is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 are recognized directly in the Group's retained earnings as of 1 January 2018. There is no impact on other components of the Group's equity.

On 1 January 2018 the Group performed an assessment of the business models within which financial assets are held and an assessment of whether the contractual terms of the financial assets are solely payments of principal and interest. The Group expects to continue measuring at fair value all financial assets currently held at fair value through profit or loss. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortized cost measurement under IFRS 9. The Group has one asset which was classified as financial assets available-for-sale under IAS 39. On transition to IFRS 9, this has been reclassified to financial assets at fair value through profit or loss.

The impairment requirements of IFRS 9 are complex and require management judgement, estimates and assumptions. The Group 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. The Group tests the following types of financial assets for possible impairment: cash and short-term deposits with banks; counterparties' debt under reverse repo transactions; trade and other receivables due, including cash balances with brokers; loans receivables. As all the listed assets vary in respect to inherent credit risk, a distinctive approach for provision calculation was used for each of them.

The following table shows the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to opening expected credit losses allowances determined in accordance with IFRS 9 as at 1 January 2018:

(in thousands of USD)	At 31 December 2017 under IAS 39	Remeasurement under IFRS 9	At 1 January 2018 under IFRS 9
Impairment allowance for financial assets	-	145	145
Total	**-**	**145**	**145**

The following table reconciles the carrying amounts of financial assets and amounts of provisions under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018:

(in thousands of USD)	At 31 December 2017 Original carrying amount under IAS 39	Remeasurement under IFRS 9	At 1 January 2018 New carrying amount under IFRS 9
Cash and cash equivalents	18,753	(1)	18,752
Receivables	27,159	(15)	27,144
Loans receivable	17,050	(128)	16,922
Total	**62,962**	**(145)**	**62,818**

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard supersedes all current revenue recognition requirements under IFRS. The Group adopted IFRS 15 with the date of initial application as of 1 January 2018 using modified retrospective approach, which means that comparatives are recalculated only for contracts that were not completed as at 1 January 2018. Application of IFRS 15 did not result in any material impact on the Group.

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 Group 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 13), the Renaissance Capital Group loan facility (Note 14) and Renaissance Capital Group non-trading receivables (Note 15) 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 Group 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 Group 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 Group may enter into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgment 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 judgment 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 Group 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 Group'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 Group 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 Group uses the expected credit losses (ECL) approach for recognition of impairment losses. From 1 January 2018, the Group has been recording allowance for expected credit losses for all loans, receivables and other financial assets not held at 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 recognized 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 amortized cost on the balance sheet.

The Group 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 Group allocated financial assets into Stage 1, Stage 2 and Stage 3.

As of 31 December 2018, 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 Group recognises loss allowance on these assets based on 12mECL. To estimate the PD, the Group 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.

As of 31 December 2018, 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 Group 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 Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. As of 31 December 2018, there are no Stage 3 financial assets.

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

The Group 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 Group'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 Group 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.

Taxation

Income taxes

Income taxes have been provided for in the Consolidated Financial Statements in accordance with the tax legislation enacted or substantively enacted at the reporting date in the jurisdictions in which the Group 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 additional paid-in capital.

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 Consolidated Financial Statements are authorised for issue.

Operating leases

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the period of the lease term and are included in operating expenses. Provisions are made for obligations under onerous operating leases when the property is not used by the Group and the net costs of exiting from the leases exceed the economic benefits expected to be received.

Revenue recognition

The Group earns trading income and fees and commission income from the sales and distribution services it provides net of value added taxes. The Group 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 Group'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.

Long-term incentive plan

All employees are contracted to the Services Company and seconded back to the Company. As a result, the Company continues to maintain, albeit indirectly, 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 recognized 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 recognized in the financial statements as part of accrued salaries and performance related remuneration as these services vest as detailed below and in Note 8.

The incentive schemes' bonus structure for the Group 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 Libor 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 Consolidated Financial Statements and are expected to impact the Group. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 'Leases'

IFRS 16 was issued in January 2016, replacing IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard is yet to be endorsed.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group does not currently have any leases, as all leases are held by the Services Company. As such there will be no direct impact on the Group's financial statements. However, as the Company remunerates the Services Company on a cost-plus arrangement for services provided, any impact on the operating expenses of the Services Company will be reflected in the management fees paid to the Services Company.

3 Significant accounting judgments and estimates

In preparing the Consolidated 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 judgment 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 Group's accounting policies, the Directors have made the following judgments and estimates, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

Going Concern

The Company's Directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that the Group and 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 Group or 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, with no significant impact on the Group or Company to date. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

Impairment

The impairment requirements of IFRS 9 are complex and require management judgement, estimates and assumptions. The Group 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 Directors apply judgments 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% is used in the calculation. Further information is detailed in Notes 2 and 8.

4 Net trading income

(in thousands of USD)	For the year ended 31 December			
	2018		2017	
	Group	Company	Group	Company
Equities	(1,043)	(1,037)	(14)	(7)
Fixed income	23	23	(25)	(25)
Foreign currency swaps	220	220	130	130
Foreign exchange revaluation	(192)	(192)	45	45
Total net trading income	**(992)**	**(986)**	**136**	**143**

Net trading income for the Group includes foreign exchange losses (excluding foreign exchange on financial instruments) of US$152,000 (2017: $166,000).

5 Fee and commission income

(in thousands of USD)	For the year ended 31 December			
	2018		2017	
	Group	Company	Group	Company
Advisory fees and commission	6,905	6,905	7,966	7,966
Brokerage fees and commission	19,168	18,777	15,675	14,863
Total net fee and commission income	**26,073**	**25,682**	**23,641**	**22,829**

6 Interest income and expense

(in thousands of USD)	For the year ended 31 December			
	2018		2017	
	Group	Company	Group	Company
Interest income				
Interest income on reverse repurchase agreements	2	2	2	2
Interest income on bank accounts	26	23	9	5
Interest income on loans to group companies	919	906	746	716
Interest income on bonds	125	125	88	88
Total interest income	**1,072**	**1,056**	**845**	**811**
Interest expense				
Interest expense on repurchase agreements	(7)	(7)	(11)	(11)
Interest expense on overdrafts	(11)	(11)	(4)	(4)
Interest expense on loans from group companies	(26)	(26)	(26)	(26)
Interest expense on bonds	-	-	(86)	(86)
Total interest expense	**(44)**	**(44)**	**(127)**	**(127)**
Net interest income	**1,028**	**1,012**	**718**	**684**

7 Impairment on financial assets

(in thousands of USD)	For the year ended 31 December			
	2018		2017	
	Group	Company	Group	Company
Impairment on receivables	14	14	-	-
Impairment on loans receivable	(28)	(28)	-	-
Total impairment on financial assets	**(14)**	**(14)**	**-**	**-**

(in thousands of USD)	Opening balance of ECL	Movement in ECL		Closing balance of ECL
		12-month ECL	Lifetime ECL	
Receivables	16	-	(14)	2
Loans Receivable	128	28	-	156
Total	**144**	**28**	**(14)**	**158**

8 Management fees

(in thousands of USD)	For the year ended 31 December			
	2018		2017	
	Group	Company	Group	Company
Salaries	8,264	8,264	6,687	6,064
Other remuneration	9,502	9,502	6,221	6,221
Insurance and social security contributions	1,510	1,510	1,085	1,085
Premises expenses	1,292	1,292	1,183	1,183
IT expenses	2,689	2,689	1,741	1,741
Travel, entertainment and special events	1,309	1,309	1,156	1,156
Irrecoverable VAT	592	592	478	478
Other operating expenses	1,276	1,276	574	574
Total management fees	**26,434**	**26,434**	**19,125**	**19,125**

The Services Company settles the majority of the Company's costs and in return receives a cost-plus management fee from the Company for the services provided. Other remuneration largely relates to bonus payments. Other operating expenses of US$1,276,000 (2017:US$574,000) is largely made up of depreciation of US$319,000 (2017: US$270,000), professional services of US$366,000 (2017:US$78,000) and marketing and advertising of US$243,000 (2017: US$132,000).

All employees are contracted to the Services Company, RCSL, and seconded back to the Company. As a result, the Company continues to maintain, albeit indirectly, 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 Group and 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 2018 and relevant portions of the cash deferrals granted prior to 2018.

The average monthly number of employees during the year for 2018 reflects the equivalent number of employees seconded to the Company from the Services Company, as well as employees of RCDL.

	2018	2017
Administration	16	17
Sales	44	39
Average monthly number of employees during the year	**60**	**56**

Unrecognised LTIP compensation expense

Other remuneration expenses include respectively 2018 and 2017 LTIP portion accounted according to Note 2. The estimated amount of LTIP awards granted as of 31 December 2018 which will be recognised in future periods is as follows:

Estimated unrecognised LTIP compensation expense:

(in thousands of USD)	For the year ended 31 December			
	2018		2017	
	Group	Company	Group	Company
LTIP awarded in				
Year 2018	-		3,245	2,966
Year 2019	5,123	5,123	696	639
Year 2020	1,133	1,133	-	-
Total unrecognised compensation expense-estimate	**6,256**	**6,256**	**3,941**	**3,605**

At 31 December 2018 employee voluntary turnover for future periods of vesting is estimated to be 5% (2017: 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			
	2018		2017	
	Group	Company	Group	Company
Directors' remuneration (included in Management fees)	2,854	2,264	2,169	1,497
Highest paid Director	813	813	672	488
Total compensation for loss of office	-	-	-	-

All employee contracts for the Company have been transferred to the Services Company in previous periods, however Directors' remuneration above reflects the equivalent costs recharged to the Company plus the cost of Non-Executive Directors. It also includes relevant remuneration for the Directors of RCDL.

There were pension contribution payments of US$4,000 (2017: US$2,000) made by the Group on behalf of the Directors during the year.

Aggregate compensation for the Directors was as follows:

(in thousands of USD)	For the year ended 31 December			
	2018		2017	
	Group	Company	Group	Company
Short-term benefits	2,385	1,764	1,678	1,497
Long-term benefits	469	501	491	488
Directors' remuneration (included in staff costs)	**2,854**	**2,264**	**2,169**	**1,985**

There were no other key management personnel identified by the Group.

9 Other operating expenses

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Auditors' remuneration for				
- audit services	83	83	101	72
- CASS audit	13	13	13	13
Other expenses	1,665	181	2,971	252
Total other operating expenses	**1,761**	**278**	**3,085**	**337**

The majority of expenses are paid by the Services Company and included in the management fee paid by the Company (see note 8). Other expenses of US$1,665,000 (2017: US$2,971,000) largely relate to expenses incurred by RCDL and Renaissance Capital Menkul Degerler A.S.

10 Cash and cash equivalents

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Current accounts with banks	5,683	5,127	18,753	17,787
Total cash and cash equivalents	**5,683**	**5,127**	**18,753**	**17,787**

At 31 December 2018, there was no amount within the closing balance of cash and cash equivalents which was classified as client money.

11 Financial assets at fair value held for trading

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Trading assets				
Equity instruments	-	-	-	-
Debt instruments	8,211	8,211	8,258	8,258
Total trading assets	**8,211**	**8,211**	**8,258**	**8,258**

The debt instruments at fair value held for trading comprise US Treasury bonds and are classified as Level 1 under the fair value hierarchy.

12 Securities purchased under agreements to resell

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Total securities purchased under agreements to resell	-	-	**1,217**	**694**
Fair value of collateral received	-	-	**1,259**	**683**

These reverse repurchase agreements are collateralised by the counterparties' equity securities holdings. The agreements are carried at the contract amounts reflecting the amounts at which the securities were initially acquired, adjusted for margin calls and accrued interest.

The Group controls credit risk associated with these activities by monitoring counterparty credit exposure and collateral values regularly and requiring additional collateral to be deposited with the Group when necessary. All reverse repurchase agreements are denominated in USD. The Group has full rights of use of all collateral received.

13 Receivables

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Customers, clearing broker & central counterparties	9,209	9,209	25,565	25,565
Trading receivables due from Renaissance Capital Group companies	4,137	4,137	1,594	1,333
Total receivables	**13,346**	**13,346**	**27,159**	**26,898**

Receivables from customers, clearing broker & central counterparties includes collateral of US$8,028,000 (2017: US$10,010,000) provided to a bank to support the operations of the Group in markets where the Group utilizes the bank as custodian. The markets include Turkey and other international markets. Receivables balances include an impairment of $2,000 under IFRS 9.

14 Loans receivable

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Loan receivable	20,222	19,997	17,050	15,850
Total loans receivable	**20,222**	**19,997**	**17,050**	**15,850**

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 2019 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 of 18 December 2019. At 31 December 2018 the outstanding loan balance was $20,153,000, and the Company has recorded an impairment provision under IFRS 9 of $156,000.

RCDL has provided a short-term loan of $225,000 to Renaissance Financial Holdings Limited. Interest is charged at the rate of 2.5% per annum and the loan was repaid in full on 28 February 2019.

15 Other assets

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Prepayments	171	53	256	46
Amounts due from Renaissance Capital Group companies	8,016	8,016	5,336	5,336
Interest receivable	698	680	31	26
Other receivables	68	32	88	43
Total other assets	**8,953**	**8,781**	**5,711**	**5,451**

The 31 December 2018 Renaissance Capital Group balance of US$8,016,000 is non-interest bearing and repayable on demand.

16 Financial assets at fair value through profit and loss

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Unquoted equity shares	4	4	-	-
Total financial assets at fair value through profit and loss	**4**	**4**	**-**	**-**

Unquoted equity shares held as financial assets at fair value through profit and loss consists solely of shares in SWIFT Scrl, a member-owned co-operative. These shares have been valued at cost price and revalued at the closing foreign exchange rate, which is considered to approximate fair value. The financial assets at fair value through profit and loss are classified as Level 3 under the fair value hierarchy.

These assets were previously classified as financial assets available-for-sale, however the introduction of IFRS 9 has removed this classification and as such they have been reclassified as financial assets at fair value through profit and loss

17 Financial assets available-for-sale

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Unquoted equity shares	-	-	4	4
Total financial assets available for sale	**-**	**-**	**4**	**4**

Unquoted equity shares held as financial assets available-for-sale consists solely of shares in SWIFT Scrl, a member-owned co-operative. In 2018 these have been reclassified as financial assets at fair value through profit and loss to meet the requirements of IFRS 9 (see note 16 above).

18 Property and equipment

(in thousands of USD)	At 31 December 2018			
	Leasehold improvements	**Fixtures and fittings**	**Computers and other equipment**	**Total**
Historical cost				
Balance at 1 January 2018	142	20	149	311
Disposals / write-offs	(142)	(20)	(149)	(311)
Balance at 31 December 2018	-	-	-	-
Accumulated depreciation				
Balance at 1 January 2018	(134)	(14)	(136)	(284)
Depreciation	(8)	(6)	(13)	(27)
Disposals / write-offs	142	20	149	311
Balance at 31 December 2018	-	-	-	-
Net book value at 31 December 2018	-	-	-	-

(in thousands of USD)	At 31 December 2017			
	Leasehold improvements	**Fixtures and fittings**	**Computers and other equipment**	**Total**
Historical cost				
Balance at 1 January 2017	142	20	142	304
Additions	-	-	7	7
Balance at 31 December 2017	142	20	149	311
Accumulated depreciation				
Balance at 1 January 2017	(86)	(9)	(99)	(194)
Depreciation	(48)	(5)	(37)	(90)
Balance at 31 December 2017	(134)	(14)	(136)	(284)
Net book value at 31 December 2017	8	6	13	27

The Company has no property and equipment, with the above relating solely to RCDL.

19 Investments in subsidiaries

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

Renaissance Capital Menkul Degerler A.S is currently under liquidation. In the financial statements of the Company, the brought forward carrying value was US$318,000. During the year impairment of US$10,000 (2017: reversal of impairment of US$30,000) was booked to bring the carrying value at 31 December 2018 to US$308,000. This reflects the amount estimated to be recoverable in 2019 on completion of the liquidation process. The registered address is 19 Mayıs Mah.Halaskargazi Cad.No.172/216, Şişli-İstanbul, Turkey.

Renaissance Capital Dubai Limited is also currently under liquidation. In the financial statements of the Company, the brought forward carrying value was US$1,070,000. The impairment for the year was US$1,190,000 and (2017: US$1,772,000) and there was cash of US$500,000 deposited by the Company during the year. The investment is shown in the balance sheet at its impaired value of US$380,000, being its net asset value at 31 December 2018. The registered address is Office No 202, Level 2 Gate Village – Building 6, DIFC, PO Box 506925, Dubai, United Arab Emirates.

20 Cash overdrafts

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Current accounts with banks	183	183	-	-
Total cash and cash equivalents	**183**	**183**	**-**	**-**

21 Payables

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Customers, clearing broker & central counterparties	2,495	2,495	2,646	2,645
Trading payables due to Renaissance Capital Group companies	1,230	1,230	18,358	18,305
Total payables	**3,725**	**3,725**	**21,004**	**20,950**

22 Accrued expenses

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Other accrued expenses	105	85	290	100
Total accrued expenses	**105**	**85**	**290**	**100**

23 Other liabilities

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Amounts due to Renaissance Capital Group companies	3,921	3,921	5,814	5,434
Other payables	12	-	542	-
VAT and other taxes payable, excluding income taxes	3	3	3	3
Total other liabilities	**3,936**	**3,924**	**6,359**	**5,437**

The balance at 31 December 2018 primarily comprises salaries, performance related remuneration and other operating costs recharged at a mark-up from the Services Company. The 31 December 2018 Renaissance Capital Group balance is non-interest bearing and payable on demand.

24 Loans payable

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Subordinated loan	10,400	10,400	10,400	10,400
Total loans payable	**10,400**	**10,400**	**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. On 28 December 2018 the loan agreement was amended to increase the interest rate on the loan from 0.25% to 2.5%. At the same time, the maturity date was extended to 2025.

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 taxes

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 2018	2017
The charge/(credit) for taxation comprises		
Current tax		
United Kingdom corporation tax on profits for the year	(194)	-
Total current tax	**(194)**	**-**
Deferred tax		
Origination and reversal of temporary differences	(40)	-
Total deferred tax	**(40)**	**-**
Income tax charge/(credit) reported in statement of comprehensive income	**(234)**	**-**

b) Factors affecting tax charge for the year end

(in thousands of USD)	For the year ended 31 December 2018	2017
(Loss)/Profit on ordinary activities before tax	(2,127)	2,195
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax	(404)	423
Effects of		
Disallowed expenses and non-taxable income	210	396
Utilization of tax losses previously derecognized	(40)	-
Movement in unrecognised deferred tax	-	(819)
Total (credit)/expense for the year end	**(234)**	**-**

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 tax effect of the movements in these temporary differences is detailed below and is recorded at the applicable rate of tax.

(in thousands of USD)	At 31 December 2018	2017
Deferred tax asset		
Opening balance	-	-
Recognition of previously unrecognised tax losses	-	819
Utilisation of tax losses	-	(819)
Closing balance	-	-

The Finance Act (No. 2) 2015 reduced the corporation tax rate in the United Kingdom to 19% on 1 April 2017, and to 18% on 1 April 2020. The Finance Act 2016 further reduces the rate to 17% from 1 April 2020.

The deferred tax asset, comprising deductible temporary differences (US$971,000 gross) and tax losses (US$4,250,000 gross), has not been recognised on the balance sheet at 31 December 2018 due to uncertainty over future profits against which the losses can be utilized. Accordingly, in the absence of a recognition of a deferred tax asset, there is no impact on the financial statements for the year ended 31 December 2018 of the future reductions in the UK corporation tax rate.

Tax legislation

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

26 Share Capital

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Share Capital				
47,000,000 ordinary shares US$1 each (2017: 47,000,000)	47,000	47,000	47,000	47,000
Total share capital (authorised, called up and fully paid)	**47,000**	**47,000**	**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, 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 Group's financial instruments by classes:

Group

(in thousands of USD)	At 31 December 2018				
		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	5,683	-	-	-	5,683
Financial assets at fair value held for trading	8,211	8,211	-	-	-
Securities purchased under agreements to resell	-	-	-	-	-
Receivables	13,346	-	13,346	-	-
Loans receivable	20,222	-	-	-	20,222
Financial assets at fair value through profit and loss	4	4	-	-	-
Amounts due from Renaissance Capital Group companies	8,016	-	-	-	8,016
Interest receivable	698	-	-	-	698
Total financial assets	**56,180**	**8,215**	**13,346**	**-**	**34,619**
Liabilities					
Cash overdrafts	183	-	-	-	183
Payables	3,725	-	3,725	-	-
Loans payable	10,400	-	-	-	10,400
Amounts due to Renaissance Capital Group companies	3,921	-	-	-	3,921
Total financial liabilities	**18,229**	**-**	**3,725**	**-**	**14,504**

(in thousands of USD)

	At 31 December 2017				
		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	18,753	-	-	-	18,753
Financial assets at fair value held for trading	8,258	8,258	-	-	-
Securities purchased under agreements to resell	1,217	-	-	1,217	-
Receivables	27,159	-	27,159	-	-
Loans receivable	17,050		-	-	17,050
Financial assets available-for-sale	4	4	-	-	-
Amounts due from Renaissance Capital Group companies	5,336	-	-	-	5,336
Interest receivable	31	-	-	31	-
Total financial assets	**77,808**	**8,262**	**27,159**	**1,248**	**41,139**
Liabilities					
Financial liabilities at fair value held for trading	-	-	-	-	-
Payables	21,004	-	21,004	-	-
Loans payable	10,400	-	-	-	10,400
Amounts due to Renaissance Capital Group companies	5,814	-	-	-	5,814
Total financial liabilities	**37,218**	-	**21,004**	-	**16,214**

Company

(in thousands of USD)

	At 31 December 2018				
		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	5,127	-	-	-	5,127
Financial assets at fair value held for trading	8,211	8,211	-	-	-
Securities purchased under agreements to resell	-	-	-	-	-
Receivables	13,346	-	13,346	-	-
Loans receivable	19,997	-	-	-	19,997
Financial assets at fair value through profit and loss	4	4	-	-	-
Amounts due from Renaissance Capital Group companies	8,016	-	-	-	8,016
Interest receivable	680	-	-	-	680
Total financial assets	**55,381**	**8,215**	**13,346**	-	**33,820**
Liabilities					
Financial liabilities at fair value held for trading	183	-	-	-	183
Payables	3,725	-	3,725	-	-
Loans payable	10,400	-	-	-	10,400
Amounts due to Renaissance Capital Group companies	3,921	-	-	-	3,921
Total financial liabilities	**18,229**	-	**3,725**	-	**14,504**

(in thousands of USD)

		At 31 December 2017			
		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	17,787	-	-	-	17,787
Financial assets at fair value held for trading	8,258	8,258	-	-	-
Securities purchased under agreements to resell	1,217	-	-	1,217	-
Receivables	26,868	-	26,898	-	-
Loans receivable	15,850	-	-	-	15,850
Financial assets available-for-sale	4	4	-	-	-
Amounts due from Renaissance Capital Group companies	5,336	-	-	-	5,336
Interest receivable	26	-	-	26	-
Total financial assets	**75,346**	**8,262**	**26,898**	**1,243**	**38,973**
Liabilities					
Financial liabilities at fair value held for trading	-	-	-	-	-
Payables	20,950	-	20,950	-	-
Loans payable	10,400	-	-	-	10,400
Amounts due to Renaissance Capital Group companies	5,434	-	-	-	5,434
Total financial liabilities	**36,784**	-	**20,950**	-	**15,834**

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

Group

(in thousands of USD)

	At 31 December 2018		
	Total	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 3)
Assets			
Financial assets at fair value held for trading	8,211	8,211	-
Financial assets at fair value through profit and loss	4	-	4
Total financial assets	**28,347**	**8,211**	**22,026**

(in thousands of USD)

	At 31 December 2017		
	Total	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 3)
Assets			
Financial assets at fair value held for trading	8,258	8,258	-
Financial assets available-for-sale	4	-	4
Total financial assets	**25,312**	**8,258**	**17,054**

Financial assets at fair value through profit and loss consists solely of shares in SWIFT Scrl, a member-owned co-operative. These are classified as Level 3 as there is no active market and these shares are not traded. As such they have been valued at cost price and revalued at the closing foreign exchange rate, which is considered to approximate fair value.

Company

(in thousands of USD) — At 31 December 2018

	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	8,211	8,211	-	-
Loans receivable	19,997	-	-	19,997
Financial assets at fair value through profit and loss	4	-	-	4
Total financial assets	**28,212**	**8,211**	**-**	**20,001**

(in thousands of USD) — At 31 December 2017

	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	8,258	8,258	-	-
Financial assets available-for-sale	4	-	-	4
Total financial assets	**24,112**	**8,258**	**-**	**15,854**

Detailed below are the primary risks associated with the Group'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.

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 is also exposed to risk on its debt instruments (US Treasury bonds).

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.

VaR outputs are monitored at the Company level. In addition to VaR, the Group runs a number of stress-test scenarios to provide a snap shot 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.

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 Group does not enter into forward exchange contracts for the purpose of hedging anticipated transactions. The Group 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 Group. All gains and losses resulting from the settlement of the financial instruments are recorded within the Statement of Comprehensive Income.

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

Group

(in thousands of USD)	At 31 December 2018			
	USD	**GBP**	**Other**	**Total**
Assets				
Cash and cash equivalents	4,282	633	768	5,683
Financial assets at fair value held for trading	8,211	-	-	8,211
Securities purchased under agreements to resell	-	-	-	-
Receivables	9,535	-	3,811	13,346
Loans receivable	20,222	-	-	20,222
Financial assets at fair value through profit and loss	-	-	4	4
Amounts due from Renaissance Capital Group companies	8,016	-	-	8,016
Interest receivable	698	-	-	698
Total financial assets	**50,864**	**633**	**4,583**	**56,180**
Liabilities				
Cash overdrafts	-	-	183	183
Payables	1,447	-	2,278	3,725
Loans payable	10,400	-	-	10,400
Amounts due to Renaissance Capital Group companies	3,921	-	-	3,921
Total financial liabilities	**15,768**	**-**	**2,461**	**18,229**
Net position				
Net trade related assets	20,580	633	2,118	23,332
Net non- trade related assets	14,615	-	4	14,619
Total net position	**35,195**	**633**	**2,122**	**37,951**

(in thousands of USD)	At 31 December 2017			
	USD	**GBP**	**Other**	**Total**
Assets				
Cash and cash equivalents	17,116	448	1,189	18,753
Financial assets at fair value held for trading	8,258	-	-	8,258
Securities purchased under agreements to resell	1,217	-	-	1,217
Receivables	17,230	-	9,929	27,159
Loans receivable	17,050	-	-	17,050
Financial assets available-for-sale	-	-	4	4
Amounts due from Renaissance Capital Group companies	5,336	-	-	5,336
Interest receivable	31	-	-	31
Total financial assets	**66,238**	**448**	**11,122**	**77,808**
Liabilities				
Payables	9,925	86	10,993	21,004
Loans payable	10,400	-	-	10,400
Amounts due to Renaissance Capital Group companies	5,804	-	10	5,814
Total financial liabilities	**26,129**	**86**	**11,003**	**37,218**
Net position				
Net trade related assets	33,895	362	126	34,383
Net non- trade related assets	6,214	-	(6)	6,208
Total net position	**40,109**	**362**	**120**	**40,591**

Company

(in thousands of USD)	At 31 December 2018			
	USD	**GBP**	**Other**	**Total**
Assets				
Cash and cash equivalents	3,726	633	768	5,127
Financial assets at fair value held for trading	8,211	-	-	8,211
Securities purchased under agreements to resell	-	-	-	-
Receivables	9,535	-	3,811	13,346
Loans receivable	19,997	-	-	19,997
Financial assets at fair value through profit and loss	-	-	4	4
Amounts due from Renaissance Capital Group companies	8,016	-	-	8,016
Interest receivable	680	-	-	680
Total financial assets	**50,165**	**633**	**4,583**	**55,381**
Liabilities				
Cash overdrafts	-	-	183	183
Payables	1,447	-	2,278	3,725
Loans payable	10,400	-	-	10,400
Amounts due to Renaissance Capital Group companies	3,921	-	-	3,921
Total financial liabilities	**15,768**	**-**	**2,461**	**18,229**
Net position				
Net trade related assets	20,024	633	2,118	22,775
Net non- trade related assets	14,372	-	4	14,376
Total net position	**34,396**	**633**	**2,122**	**37,151**

(in thousands of USD)	At 31 December 2017			
	USD	**GBP**	**Other**	**Total**
Assets				
Cash and cash equivalents	16,173	448	1,166	17,787
Financial assets at fair value held for trading	8,258	-	-	8,258
Securities purchased under agreements to resell	1,217	-	-	1,217
Receivables	16,969	-	9,929	26,898
Loans receivable	15,850	-	-	15,850
Financial assets available-for-sale	-	-	4	4
Amounts due from Renaissance Capital Group companies	5,336	-	-	5,336
Interest receivable	26	-	-	26
Total financial assets	**63,829**	**448**	**11,099**	**75,376**
Liabilities				
Payables	9,871	86	10,993	20,950
Loans payable	10,400	-	-	10,400
Amounts due to Renaissance Capital Group companies	5,434	-	-	5,434
Total financial liabilities	**25,705**	**86**	**10,993**	**36,784**
Net position				
Net trade related assets	32,746	362	102	33,210
Net non- trade related assets	5,378	-	4	5,382
Total net position	**38,124**	**362**	**106**	**38,592**

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$89,000 (2017: US$54,000). A 10% weakening in the exchange rate would, on the same basis, have decreased post-tax profit and decreased net assets by US$73,000 (2017:US$44,000).

Credit risk

The Group 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.

Group

(in thousands of USD)	At 31 December 2018		
	Gross maximum exposure	Exposure covered by collateral	Net exposure
Cash and cash equivalents	5,683	-	5,683
Financial assets at fair value held for trading	8,211	-	8,211
Securities purchased under agreements to resell	-	-	-
Receivables	13,346	-	13,346
Loans receivable	20,222	-	20,222
Amounts due to Renaissance Capital Group companies	8,016	-	8,016
Interest receivable	698	-	698
Total	**56,176**	**-**	**56,176**

(in thousands of USD)	At 31 December 2017		
	Gross maximum exposure	Exposure covered by collateral	Net exposure
Cash and cash equivalents	18,753	-	18,753
Financial assets at fair value held for trading	8,258	-	8,258
Securities purchased under agreements to resell	1,217	1,259	-
Receivables	27,159	-	27,159
Loans receivable	17,050	-	17,050
Amounts due to Renaissance Capital Group companies	5,336	-	5,336
Interest receivable	31	-	31
Total	**77,804**	**1,259**	**76,587**

Company

(in thousands of USD)	At 31 December 2018		
	Gross maximum exposure	**Exposure covered by collateral**	**Net exposure**
Cash and cash equivalents	5,127	-	5,127
Financial assets at fair value held for trading	8,211	-	8,211
Securities purchased under agreements to resell	-	-	-
Receivables	13,346	-	13,346
Loans receivable	19,997	-	19,997
Amounts due to Renaissance Capital Group companies	8,016	-	8,016
Interest receivable	680	-	680
Total	**55,377**	**-**	**55,377**

(in thousands of USD)	At 31 December 2017		
	Gross maximum exposure	**Exposure covered by collateral**	**Net exposure**
Cash and cash equivalents	17,787	-	17,787
Financial assets at fair value held for trading	8,258	-	8,258
Securities purchased under agreements to resell	1,217	1,259	-
Receivables	26,898	-	26,898
Loans receivable	15,850	-	15,850
Amounts due to Renaissance Capital Group companies	5,336	-	5,336
Interest receivable	26	-	26
Total	**75,372**	**1,259**	**74,155**

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

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Internal rating				
AA+	8,211	8,211	16,092	16,092
AA	3,940	3,940	13,533	13,533
A+	871	871	5	5
A	427	427	10,252	10,252
A-	64	6	352	-
BBB+	8,205	8,205	11,210	11,210
BBB	731	731	117	117
BBB-	-	-	-	-
BB+	156	156	171	171
BB-	-	-	564	-
B+	498	-	18	18
B	-	-	230	230
B-	33,073	32,830	25,212	23,744
NR	-	-	-	-
Total balance sheet items	**58,176**	**55,377**	**77,766**	**75,372**

Liquidity and Funding Risk

Liquidity risk is the risk that the Group 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 Group's financial assets and liabilities at 31 December 2018 and 2017 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

Group

(in thousands of USD)	At 31 December 2018						
	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	5,683	-	-	-	-	-	5,683
Financial assets at fair value held for trading	-	48	-	8,163	-	-	8,211
Securities purchased under agreement to resell	-	-	-	-	-	-	-
Receivables	-	5,319	-	-	-	8,027	13,346
Loans receivable	19,997	-	225	-	-	-	20,222
Financial assets at fair value through profit and loss	-	-	-	-	-	4	4
Amounts due from Renaissance Capital Group companies	-	8,008	8	-	-	-	8,016
Interest receivable	680	-	18	-	-	-	698
Total financial assets	**26,360**	**13,375**	**251**	**8,163**	**-**	**8,031**	**56,180**
Liabilities							
Cash overdrafts	183	-	-	-	-	-	183
Payables	-	3,725	-	-	-	-	3,725
Loans payable	-	-	-	-	10,400	-	10,400
Amounts due to Renaissance Capital Group companies	-	3,921	-	-	-	-	3,921
Total financial liabilities	**183**	**7,646**	**-**	**-**	**10,400**	**-**	**18,229**
Net total position	**26,177**	**5,728**	**251**	**8,163**	**(10,400)**	**8,031**	**37,950**
Cumulative	**26,177**	**31,905**	**32,156**	**40,319**	**29,919**	**37,950**	**37,950**

(in thousands of USD)	At 31 December 2017						
	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	18,753	-	-	-	-	-	18,753
Financial assets at fair value held for trading	-	47	-	8,211	-	-	8,258
Securities purchased under agreement to resell	-	1,217	-	-	-	-	1,217
Receivables	-	16,888	261	-	-	10,010	27,159
Loans receivable	15,850	-	1,200	-	-	-	17,050
Financial assets available-for-sale	-	-	-	-	-	4	4
Amounts due from Renaissance Capital Group companies	-	4,978	358	-	-	-	5,336
Interest receivable	26	-	6	-	-	-	32
Total financial assets	**34,629**	**23,130**	**1,825**	**8,211**	**-**	**10,014**	**77,809**
Liabilities							
Financial liabilities at fair value held for trading	-	-	-	-	-	-	-
Payables	-	20,946	58	-	-	-	21,004
Loans payable	-	-	-	-	10,400	-	10,400
Amounts due to Renaissance Capital Group companies	-	4,373	1,441	-	-	-	5,814
Total financial liabilities	**-**	**25,319**	**1,499**	**-**	**10,400**	**-**	**37,218**
Net total position	**34,629**	**(2,189)**	**326**	**8,211**	**(10,400)**	**10,014**	**40,591**
Cumulative	**34,629**	**32,441**	**32,767**	**40,978**	**30,578**	**40,592**	**40,591**

Company

(in thousands of USD)	At 31 December 2018						
	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	5,127	-	-	-	-	-	5,127
Financial assets at fair value held for trading	-	48	-	8,163	-	-	8,211
Securities purchased under agreement to resell	-	-	-	-	-	-	-
Receivables	-	5,319	-	-	-	8,027	13,346
Loans receivable	19,997	-	-	-	-	-	19,997
Financial assets at fair value through profit and loss	-	-	-	-	-	4	4
Amounts due from Renaissance Capital Group companies	-	8,008	8	-	-	-	8,016
Interest receivable	680	-	-	-	-	-	680
Total financial assets	**25,804**	**13,375**	**8**	**8,163**	**-**	**8,031**	**55,381**
Liabilities							
Cash overdrafts	183	-	-	-	-	-	183
Payables	-	3,725	-	-	-	-	3,725
Loans payable	-	-	-	-	10,400	-	10,400
Amounts due to Renaissance Capital Group companies	-	3,921	-	-	-	-	3,921
Total financial liabilities	**183**	**7,646**	**-**	**-**	**10,400**	**-**	**18,229**
Net total position	**25,621**	**5,728**	**8**	**8,163**	**(10,400)**	**8,031**	**37,152**
Cumulative	**25,621**	**31,349**	**31,357**	**39,620**	**29,120**	**37,152**	**37,152**

(in thousands of USD)	At 31 December 2017						
	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	17,787	-	-	-	-	-	17,787
Financial assets at fair value held for trading	-	47	-	8,211	-	-	8,258
Securities purchased under agreement to resell	-	1,217	-	-	-	-	1,217
Receivables	-	16,888	-	-	-	10,010	26,898
Loans receivable	15,850	-	-	-	-	-	15,850
Financial assets available-for-sale	-	-	-	-	-	4	4
Amounts due from Renaissance Capital Group companies	-	4,978	358	-	-	-	5,336
Interest receivable	26	-	-	-	-	-	26
Total financial assets	**33,663**	**23,130**	**358**	**8,211**	**-**	**10,014**	**75,376**
Liabilities							
Payables	-	20,950	-	-	-	-	20,950
Loans payable	-	-	-	-	10,400	-	10,400
Amounts due to Renaissance Capital Group companies	-	4,373	1,061	-	-	-	5,434
Total financial liabilities	**-**	**25,323**	**1,061**	**-**	**10,400**	**-**	**36,784**
Net total position	**33,363**	**(2,193)**	**(703)**	**8,211**	**(10,400)**	**10,014**	**38,592**
Cumulative	**33,683**	**31,470**	**30,767**	**38,978**	**28,578**	**38,591**	**38,592**

Changes in liabilities arising from financing activities

Group

(in thousands of USD)	1 Jan 2018	Cash Flows	At 31 December 2018 Changes arising from obtaining / losing control of subsidiaries	Foreign exchange movement	Changes in fair values	Other	31 Dec 2018
Liabilities							
Loans payable	10,400	-	-	-	-	-	10,400
Total	**10,400**	-	-	-	-	-	**10,400**

(in thousands of USD)	1 Jan 2017	Cash Flows	At 31 December 2017 Changes arising from obtaining / losing control of subsidiaries	Foreign exchange movement	Changes in fair values	Other	31 Dec 2017
Liabilities							
Loans payable	10,400	-	-	-	-	-	10,400
Total	**10,400**	-	-	-	-	-	**10,400**

Company

(in thousands of USD)	1 Jan 2018	Cash Flows	At 31 December 2018 Changes arising from obtaining / losing control of subsidiaries	Foreign exchange movement	Changes in fair values	Other	31 Dec 2018
Liabilities							
Loans payable	10,400	-	-	-	-	-	10,400
Total	**10,400**	-	-	-	-	-	**10,400**

(in thousands of USD)	1 Jan 2017	Cash Flows	At 31 December 2017 Changes arising from obtaining / losing control of subsidiaries	Foreign exchange movement	Changes in fair values	Other	31 Dec 2017
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 2018 was 69% 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.

During the year RCDL held a license to conduct financial services from the Dubai Financial Services Authority ("DFSA"). RCDL was is in compliance with the minimum capital adequacy requirement of the DFSA Prudential Rulebooks at all times it held this license. On November 29 2018 the license was withdrawn by the DFSA on the request of RCDL.

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 2018 and 2017 and are set out below.

Balances with related parties

At 31 December 2018 and 2017 the outstanding balances with related parties were as follows:

Group

(in thousands of USD)	At 31 December 2018	
	Parent	Entities under common control
Assets		
Receivables	-	4,139
Loans receivable	225	20,153
Other assets	26	8,688
Total assets	**251**	**32,980**
Liabilities		
Payables	-	1,230
Loans payable	10,400	-
Other liabilities	-	3,921
Total liabilities	**10,400**	**5,151**

(in thousands of USD)	At 31 December 2017	
	Parent	**Entities under common control**
Assets		
Receivables	-	1,594
Loans receivable	1,200	15,850
Other assets	8	5,359
Total assets	**1,208**	**22,803**
Liabilities		
Payables	-	18,358
Loans payable	10,400	-
Other liabilities	-	5,814
Total liabilities	**10,400**	**24,172**

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$31,645,000), RenCap Securities, Inc (net asset of US$143,000), LLC Renaissance Broker (net asset of US$11,000), Renaissance Capital Services Limited (net liability of US$3,921,000), and LLC Renaissance Capital – Financial Consultant (net liability of US$50,000).

Company

(in thousands of USD)	At 31 December 2018		
	Parent	**Entities under common control**	**Subsidiary**
Assets			
Receivables	-	4,139	-
Loans receivable	-	20,153	-
Other assets	8	8,688	-
Investments in subsidiaries	-	-	688
Total assets	**8**	**32,980**	**688**
Liabilities			
Payables	-	1,230	-
Loans payable	10,400	-	-
Other liabilities	-	3,921	-
Total liabilities	**10,400**	**5,151**	**-**

(in thousands of USD)	At 31 December 2017		
	Parent	**Entities under common control**	**Subsidiary**
Assets			
Receivables	-	1,333	-
Loans receivable	-	15,850	-
Other assets	3	5,359	-
Investments in subsidiaries	-	-	1,388
Total assets	**3**	**22,542**	**1,388**
Liabilities			
Payables	-	18,300	5
Loans payable	10,400	-	-
Other liabilities	-	5,434	-
Total liabilities	**10,400**	**23,734**	**5**

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$31,645,000), RenCap Securities, Inc (net asset of US$143,000), LLC Renaissance Broker (net asset of US$11,000), Renaissance Capital Services Limited (net liability of US$3,921,000), and LLC Renaissance Capital – Financial Consultant (net liability of US$50,000).

Balances with subsidiaries consists of balances with Renaissance Capital Dubai Limited (net asset of US$380,000) and Renaissance Capital Menkul Degerler A.S. (net asset of US$308,000).

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 2018 and 31 December 2017 were as follows:

Group

(in thousands of USD)	For the year ended 31 December 2018	
	Parent	Entities under common control
Net trading income	-	722
Fee and commission income	-	22,764
Net interest income	(14)	806
Management fees	-	(26,434)

(in thousands of USD)	For the year ended 31 December 2017	
	Parent	Entities under common control
Net trading income	-	(1,545)
Fee and commission income	-	21,647
Net interest income	8	712
Management fees	-	(19,125)

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$24,036,000), RenCap Securities Inc. (net income of US$204,000), RenCap Securities (Pty) Ltd (net income of US$143,000), Renaissance Advisory Services Limited (net income of US$81,000), Renaissance Capital Services Limited (net expense of US$26,440,000), Depp Services Limited (net expense of US$16,000), and LLC Renaissance Capital – Financial Consultant (net expense of US$50,000).

Company

(in thousands of USD)	For the year ended 31 December 2018		
	Parent	Entities under common control	Subsidiaries
Net trading income	-	722	-
Fee and commission income	-	22,472	(100)
Impairment loss	-	-	(1,200)
Net interest income	(26)	906	-
Management fees	-	(26,434)	-

(in thousands of USD)	For the year ended 31 December 2017		
	Parent	Entities under common control	Subsidiaries
Net trading income	-	(1,545)	-
Fee and commission income	-	20,936	(101)
Impairment loss	-	-	(1,742)
Net interest income	(22)	712	-
Management fees	-	(19,125)	-

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$24,036,000), RenCap Securities Inc. (net income of US$204,000), RenCap Securities (Pty) Ltd (net income of US$143,000), Renaissance Advisory Services Limited (net income of US$81,000), Renaissance Capital Services Limited (net expense of US$28,440,000), Depp Services Limited (net expense of US$16,000), and LLC Renaissance Capital – Financial Consultant (net expense of US$50,000).

Transactions with subsidiaries consists of transactions with Renaissance Capital Dubai Limited (net expense of US$1,290,000) and Renaissance Capital Menkul Degerler A.S. (net expense of US$10,000).

29 Financial commitments and contingencies

Operating lease commitments – company as lessee

The Services Company has entered into commercial leases on its premises. The Company remunerates the Services Company for the cost of these leases through the management fee.

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

(in thousands of USD)	At 31 December			
	2018		2017	
	Group	Company	Group	Company
Within one year	912	912	1,166	999
Between one and five years	1,742	1,742	3,122	2,870
Total operating lease commitments	**2,654**	**2,654**	**4,288**	**3,869**

Capital commitments

At 31 December 2018, the Group had no capital commitments (2017: 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 group preparing consolidated financial statements in accordance with IFRS.