

COMPANY REGISTRATION NUMBER: 06428281

Sator Capital Limited
Annual Report and Financial Statements
31 December 2019



Sator Capital Limited
Annual Report and Financial Statements
Year ended 31 December 2019

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Sator Capital Limited

Strategic Report

Year ended 31 December 2019

The directors have pleasure in presenting their strategic report of the Financial Statements of Sator Capital Limited (hereinafter "SCL" or the "Company"), for the year ended 31 December 2019 which has been prepared in accordance with the provisions applicable to small companies.

The Company is the designated investment manager of Sator Private Equity Fund, "A" L.P. (the "Fund"), a private equity fund launched on 5 December 2008 which pursues an investment strategy focused on turnaround/restructuring opportunities primarily in Italy across sectors, with a bias on financial services. The fund held its final closing on 5 March 2010 with total commitments of €500m, the term of the Fund was initially 10 years from final closing and the new term of the Fund has been extended by a period of one year until 5 March 2021. The private equity fund is invested in nine active portfolio companies with 4 investments in the financial services sector, 3 investments in the industrial and real estate sectors and the remaining 2 investments being venture capital investments. The Company's assets under management at the end of 2019 were circa €229.6 m (i.e. £196.0 m) (2018: €220.3 m or £198.0 m).

The results for the financial year are shown in the statement of comprehensive income on page 8. The Company's result of the year was a net profit of £879,752 (2018: £1,076,461).

Turnover: fee income was £2,615,000 (2018: £3,125,081), representing a 16% decrease to last year. Variance in fees is subject to changes in the invested capital of the Fund.

Costs: total administrative expenses amounted to £1,881,742 (2018: £2,180,086) representing a decrease of 14% compared to last year. This decrease is consistent with operational needs.

As of 31st December 2019, SCL's total assets amounted to £8,526,448 (+5% vs £8,127,177 in 2018) with a net cash position of £1,824,527 (+107% vs £882,795 in 2018) and shareholders' equity of £6,528,321 (+1% vs £6,487,895 in 2018). The latter remains well above the minimum capital adequacy requirement set by the Company's regulators.

PRINCIPAL RISKS AND UNCERTAINTIES

Senior management determine the Company's business strategy and risk appetite and constantly monitor the potential risks and how to mitigate them. These are managed through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The directors have identified that business, operational, market and credit risks are the main areas of risk to which the Company is exposed. The identified risks are generally inherent to any alternative asset management company.

Given that SCL's revenue is entirely derived from the investment management of Sator Private Equity Fund, "A" L.P. through Sator GP Limited. SCL's principal risks relate to the credit default and liquidity risks associated with receipt of income on a timely basis by Sator GP Limited from the fund. These risks are managed through regular dialogue with Sator GP Limited to ensure that SCL maintains sufficient working capital to meet its liabilities as they fall due.

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the Financial Conduct Authority that could lead to SCL being subject to a fine or a ban on trading activities. This is managed through regular review of SCL's compliance framework by Senior Management.

More specifically, as for the private equity fund, there is not a specific risk related to the possible closure of the Fund as investors are contractually locked-in for a period of up to ten years with a two year grace period. The term of the Fund was extended for a period of one year until 5 March 2021 and the Company expects to exercise its discretion to extend for a further 12 months period. Risks relate more to the fund's activity, such as negative performance of some investments, inability to refinance an investment due to the difficult market conditions or inability of large investors to meet their commitments.

Sator Capital Limited

Strategic Report *(continued)*

Year ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Credit risk is considered immaterial due to the Company's exposure primarily towards affiliated companies. Foreign exchange risk is monitored as large part of the assets and assets under management are denominated in Euro. The economic impact of this risk is mitigated by the fact that the Company's activity is split between the Sterling-based London office and the Euro-denominated Italian branch.

In April 2020, the Tribunal informed the Company that our appeal to the First-tier Tribunal was allowed with HMRC no longer defending the assessments, for further information, as further noted in note 23 to the financial statements.

In June 2016, the United Kingdom voted by referendum to leave the European Union. The original timetable for exit was extended several times subsequent to this date. Following the general election in December 2019, the UK government passed the Withdrawal Agreement paving the way for the United Kingdom to leave the European Union on 31 January 2020. A period of negotiation is now expected throughout 2020 and possibly beyond to establish the future relationship with the European Union. As a result, there is uncertainty over future trade agreements, currency fluctuations and other market factors that are out of the control of the Company. Risk disclosures in this note do not account for any predicted movements due to Brexit due to the remaining significant uncertainty and therefore the evaluation of reasonable movements in exchange rates, interest rates and prices are based on historical experience.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company has utilised business continuity and resilience processes with the objective of mitigating the impact of COVID-19.

GOING CONCERN

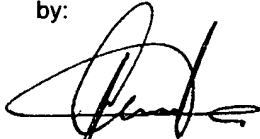
The Company's business activities, together with the factors likely to affect their future development, performance and position are set out above. The financial and liquidity position of the Company are reflected on the balance sheet. The Company has sufficient financial resources and an ongoing investment management contract. The term of the Fund was extended for a period of one year until 5 March 2021 and the Company expects to exercise its discretion to extend for a further 12 months period.

As a consequence, the directors believe that the Company is well placed to manage its business risks successfully and have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CONTENTS OF STRATEGIC REPORT

In accordance with Section 414C(11) of the Companies Act 2006, the directors have included in this report matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider they are of strategic importance to the Company.

This report was approved by the board of directors on ~~24~~ July 2020 and signed on behalf of the board by:



Rishi Ramanah
Director

Sator Capital Limited

Directors' Report

Year ended 31 December 2019

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

Sator Capital Limited is a private company limited by shares, registered in England and Wales. The address of the registered office is 14 Golden Square, London, W1F 9JF. The Company has a branch in Italy located at Via Cerva, 28, 20122 Milano. The principal activity of the Company is that of an investment manager.

Directors

The directors who served the Company during the year were as follows:

Mr Luca Barone
Mr Paolo Di Filippo
Mr Rishi Ramanah
Mr Giacomo Garbuglia

Dividends

The directors have proposed a dividend of £800,000 based on the results of 2018. The directors have not recommended a year-end dividend.

Future developments

The Directors do not consider that there will be any significant change in the activity of the Company for the foreseeable future aside from matters laid out in notes 23 and 24.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in notes 23 and 24 to the annual report and financial statements.

Auditor

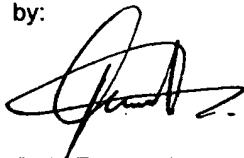
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 and Section 414C of the Companies Act 2006.

Information in relation to financial risk management and risks and uncertainties that the Company face are disclosed in the Strategic Report.

This report was approved by the board of directors on ~~24~~ July 2020 and signed on behalf of the board by:



Rishi Ramanah
Director

Sator Capital Limited
Directors' Responsibilities Statement
Year ended 31 December 2019

The directors are responsible for preparing the strategic report, directors' report and the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare annual report and financial statements for each financial year. Under that law the directors have elected to prepare the annual report and financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the annual report and financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these annual report and financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the annual report and financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Company has indemnified its current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Sator Capital Limited

Independent Auditor's Report to the Member of Sator Capital Limited

Year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sator Capital Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practices).

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 annual report and financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Sator Capital Limited

Independent Auditor's Report to the Member of Sator Capital Limited *(continued)*

Year ended 31 December 2019

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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 respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Sator Capital Limited

Independent Auditor's Report to the Member of Sator Capital Limited (continued)

Year ended 31 December 2019

Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Theo Brennand FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
St Helier
Jersey

Date: 24 July 2020

Sator Capital Limited
Statement of Comprehensive Income
Year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	2,615,000	3,125,081
Gross profit		<u>2,615,000</u>	<u>3,125,081</u>
Administrative expenses		(1,881,742)	(2,180,086)
Other operating income		<u>476,092</u>	<u>452,732</u>
Operating profit	5	1,209,350	1,397,727
Other interest receivable and similar income	9	<u>7,792</u>	<u>14,913</u>
Profit before taxation		1,217,142	1,412,640
Tax on profit	10	(337,390)	(336,179)
Profit for the financial year		<u>879,752</u>	<u>1,076,461</u>
Foreign currency retranslation	18	(39,326)	15,701
Total comprehensive income for the year		<u>840,426</u>	<u>1,092,162</u>

The Company has no items of other comprehensive income that should be reflected in the Statement of Comprehensive Income.

The above results relate to the continuing operations of the Company.

The notes on pages 11 to 22 form part of these annual report and financial statements.

Sator Capital Limited
Statement of Financial Position
31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	122,324	138,808
Investments	13	1	1
		<u>122,325</u>	<u>138,809</u>
Current assets			
Debtors	14	6,579,596	7,105,573
Cash at bank and in hand		1,824,527	882,795
		<u>8,404,123</u>	<u>7,988,368</u>
Creditors: amounts falling due within one year	15	<u>(1,599,617)</u>	<u>(1,239,516)</u>
Net current assets		6,804,506	6,748,852
Total assets less current liabilities		6,926,831	6,887,661
Provisions for liabilities			
Taxation, including deferred taxation	16	(7,499)	(8,755)
Other provisions	16	<u>(391,011)</u>	<u>(391,011)</u>
		<u>(398,510)</u>	<u>(399,766)</u>
Net assets		<u>6,528,321</u>	<u>6,487,895</u>
Capital and reserves			
Called up share capital	19	4,000,000	4,000,000
Profit and loss account	20	<u>2,528,321</u>	<u>2,487,895</u>
Shareholder funds		<u>6,528,321</u>	<u>6,487,895</u>

These annual report and financial statements were approved by the board of directors and authorised for issue on ~~24~~ July 2020, and are signed on behalf of the board by:



Mr Rishi Ramanah
Director

Company registration number: 06428281

The notes on pages 11 to 22 form part of these annual report and financial statements.

Sator Capital Limited
Statement of Changes in Equity
Year ended 31 December 2019

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2018		4,000,000	1,395,733	5,395,733
Profit for the year			1,076,461	1,076,461
Other comprehensive income for the year	18	—	15,701	15,701
Total comprehensive income for the year		—	1,092,162	1,092,162
At 31 December 2018		4,000,000	2,487,895	6,487,895
Profit for the year			879,752	879,752
Other comprehensive income for the year	18	—	(39,326)	(39,326)
Total comprehensive income for the year		—	840,426	840,426
Dividends paid and payable	11	—	(800,000)	(800,000)
Total investments by and distributions to owners		—	(800,000)	(800,000)
At 31 December 2019		<u>4,000,000</u>	<u>2,528,321</u>	<u>6,528,321</u>

The notes on pages 11 to 22 form part of these annual report and financial statements.

Sator Capital Limited

Notes to the Annual Report and Financial Statements

Year ended 31 December 2019

1. General information

The Company is a private company limited by shares, registered in England and Wales. The address of the registered office is 14 Golden Square, London, W1F 9JF. The Company has a branch in Italy located at Via Cerva, 28, 20122 Milano.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

Going concern

The accounts have been prepared on a going concern basis. The Directors believe that this basis is appropriate as the Company has net assets significantly in excess of its regulatory solvency requirement, and is expected to continue to operate profitably for a period of at least 12 months from the date of approval of the financial statements. The Directors have reviewed the cash flow and projected income and expenses for at least twelve months after the date of approving these financial statements and deemed that the Company has adequate financial resources to meet its obligations.

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across China and to a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company has utilised business continuity and resilience processes with the objective of mitigating the impact of COVID-19.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Sator S.p.A. which can be obtained from the Italian Chamber of Commerce in Rome. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the Company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Consolidation exemption

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State. Its financial statements are consolidated into the financial statements of Sator S.p.A. which can be obtained from the Italian Chamber of Commerce in Milan.

Cash flow statement

The Company is a subsidiary of Sator S.p.A. and the cash flows of this Group are included in the consolidated cash flow statement of the parent undertaking.

Judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

The directors' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an on-going basis and revisions to accounting estimates are recognised in the year in which the estimate is revised. The directors were required to use estimation techniques to calculate the value of the provision recognised in the financial statements (see notes 14, 16 and 23 for details). The Directors are not aware of any other significant sources of estimation uncertainty in the preparation of the financial statements.

The directors have made no significant judgements during the period in relation to the application of accounting policies.

Revenue recognition

The turnover represents fees receivable for investment management services provided during the period. Turnover is measured at the fair value of considerations received.

Investment management fees are recognised when the Company obtains the right to consideration in exchange for its performance of services.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Functional currency

The financial statements are prepared in Pounds Sterling, which is the functional currency of the entity.

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The Company's functional currency is Pounds Sterling, whereas that of its Company's Italian Branch is the Euro. The Company's presentational currency is Pounds Sterling.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Exchange differences arising from the conversion of statement of financial position amounts from functional currency to presentational currency are recognised in the Other Comprehensive Income. The income of the Italian Branch is translated at an average rate at the year end and the impact of the difference between this and the rate ruling at the statement of financial position date is recognised in Other Comprehensive Income.

The Company has presented its other comprehensive income as part of the profit or loss reserves and has decided not to separately disclose the foreign exchange translation reserve in the statement of changes in equity as the amount is not material. The directors of the Company believes that this presentation is appropriate and would not contribute to improved understanding of these financial statements for the end users.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	- 6 years straight line
Fixture and fittings	- 8 years straight line
Equipment	- 20% straight line

Investments in subsidiaries

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

Other income

Other income may include costs incurred by the Company that are recoverable from Sator Private Equity Fund, "A" L.P. in accordance with the limited partnership agreement amount are recognised on accrual basis.

Administrative expenses

Administrative expenses are recognised on an accruals basis.

Debtors

Debtors are measured at amortised cost less any impairment. Any impairment loss is recognised in the statement of comprehensive income.

Creditors

Creditors are measured at amortised cost.

4. Turnover

Turnover arises from:

	2019	2018
	£	£
Rendering of services	<u>2,615,000</u>	<u>3,125,081</u>

The whole of the turnover is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019	2018
	£	£
Rental expense	142,240	142,240
Depreciation of tangible assets	17,826	18,927
Loss on disposal of tangible assets	—	2,023
Foreign exchange differences	(63,941)	10,344

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the annual report and financial statements	29,454	25,200
Fees payable to the Company's auditor and its associates for other services:		
Audit-related assurance services	7,833	7,150

7. Staff costs

The average number of persons employed by the Company during the year, including the directors, amounted to:

	2019	2018
	No.	No.
Administrative and management staff	4	4

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019	2018
	£	£
Wages and salaries	386,882	347,392
Social security costs	86,318	84,305
	473,200	431,697

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019	2018
	£	£
Remuneration	313,988	259,893

Remuneration of the highest paid director in respect of qualifying services:

	2019	2018
	£	£
Aggregate remuneration	193,988	165,028

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

9. Other interest receivable and similar income

	2019	2018
	£	£
Interest on cash and cash equivalents	1,392	13,752
Interest on loans	6,400	1,161
	<u>7,792</u>	<u>14,913</u>

10. Tax on profit

Major components of tax expense

	2019	2018
	£	£
Current tax:		
UK current tax expense	234,074	260,993
Double taxation relief	(110,134)	(120,754)
Total UK current tax	<u>123,940</u>	<u>140,239</u>
Foreign current tax expense	214,706	183,755
Total current tax	<u>338,646</u>	<u>323,994</u>
Deferred tax:		
Origination and reversal of timing differences	(1,256)	12,185
Tax on profit	<u>337,390</u>	<u>336,179</u>

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. A further reduction to 17% for the year starting 1 April 2020 was announced at Budget 2016.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019	2018
	£	£
Profit on ordinary activities before taxation	<u>1,217,142</u>	<u>1,412,640</u>
Profit on ordinary activities by rate of tax	231,257	268,402
Effect of expenses not deductible for tax purposes	2,817	937
Unrelieved foreign tax	104,572	63,001
Other tax adjustment to increase/(decrease) tax liability	(1,256)	3,839
Tax on profit	<u>337,390</u>	<u>336,179</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

11. Dividends

	2019 £	2018 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>800,000</u>	<u>—</u>

12. Tangible assets

	Leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2019	221,572	56,119	100,877	378,568
Additions	—	—	1,342	1,342
At 31 December 2019	<u>221,572</u>	<u>56,119</u>	<u>102,219</u>	<u>379,910</u>
Depreciation				
At 1 January 2019	96,967	56,031	86,762	239,760
Charge for the year	13,628	88	4,110	17,826
At 31 December 2019	<u>110,595</u>	<u>56,119</u>	<u>90,872</u>	<u>257,586</u>
Carrying amount				
At 31 December 2019	<u>110,977</u>	<u>—</u>	<u>11,347</u>	<u>122,324</u>
At 31 December 2018	<u>124,605</u>	<u>88</u>	<u>14,115</u>	<u>138,808</u>

13. Investments

	Shares in the investee undertaking £
Cost	
At 1 January 2019 and 31 December 2019	<u>1</u>
Impairment	
At 1 January 2019 and 31 December 2019	<u>—</u>
Carrying amount	
At 31 December 2019	<u>1</u>
At 31 December 2018	<u>1</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

13. Investments *(continued)*

The investments represent the entire share capital of Sator GP Limited, a company incorporated in England and Wales, whose principal activity is that of General Partner of Sator Private Equity Fund, "A" L.P.

At 2019, the Company had interests in the following subsidiaries:

Sator GP Limited

Type of shares held	Ordinary
Portion held	100%
Country of incorporation	England
Nature of business	General partner of Sator Private Equity Fund, "A" L.P.
Registered address	14 Golden Square, London, W1F 9JF

Sator Partners LLP

Type of shares held	Members' capital
Portion held	86%
Country of incorporation	England
Nature of business	Dormant Company
Registered address	14 Golden Square, London, W1F 9JF

14. Debtors

	2019	2018
	£	£
Trade debtors	598,254	73,064
Loan to related party	432,550	450,391
Prepayments and accrued income	2,485,255	3,515,190
Amount due from the underlying investment funds	658,301	658,301
Other debtors - Italian Tax Authorities	188,678	195,462
Other debtors	2,216,558	2,213,165
	<u>6,579,596</u>	<u>7,105,573</u>

On 31st October 2018, the Company entered into an unsecured Bridge Loan Agreement expiring on 31 December 2020 with a related party, Arepo LC S.r.l., in order to provide short term funding of €500,000. The interest on the loan is equal to EURIBOR plus 1.5%.

Other debtors comprise mainly of £2.0 advances, where the Company filed for an appeal to the First-tier Tribunal challenging the amount of disputed tax. In April 2020, the Tribunal informed the Company that our appeal was allowed with HM Revenue and Customs no longer defending the assessments, as further noted in note 23 to the financial statements.

15. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	39,944	29,546
Accruals and deferred income	1,269,513	1,056,130
Corporation tax	149,457	84,536
Social security and other taxes	26,610	14,459
Other creditors	114,093	54,845
	<u>1,599,617</u>	<u>1,239,516</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

16. Provisions

	Deferred tax (note 17) £	VAT provision £	Total £
At 1 January 2019	8,755	391,011	399,766
Charge against provision	(1,256)	—	(1,256)
At 31 December 2019	<u>7,499</u>	<u>391,011</u>	<u>398,510</u>

Details of the VAT provision can be found in note 23 to the financial statements.

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019 £	2018 £
Included in provisions (note 16)	<u>7,499</u>	<u>8,755</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Accelerated capital allowances	<u>7,499</u>	<u>8,755</u>

18. Analysis of other comprehensive income

	Profit and loss account £
Year ended 31 December 2019	
Foreign currency retranslation	<u>(39,326)</u>
Year ended 31 December 2018	
Foreign currency retranslation	<u>15,701</u>

19. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

Sator Capital Limited

Notes to the Annual Report and Financial Statements *(continued)*

Year ended 31 December 2019

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Foreign currency translation - This reserve records the translation into the Company's local currency using the exchange rate in operation at the year end.

Sator Capital Limited operates through a branch incorporated in Italy. This branch maintains its accounting records in EUR rather than in GBP.

In order to prepare consolidated financial statements, it is necessary to translate the complete financial statements of the foreign branch into the currency used for reporting purposes by the investing company.

21. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	142,240	142,240
Later than 1 year and not later than 5 years	568,960	568,960
Later than 5 years	429,448	571,688
	<u>1,140,648</u>	<u>1,282,888</u>

22. Other financial commitments

The Company had no capital commitments at year-end.

23. Contingencies

In May 2015, HM Revenue and Customs commenced an investigation into the VAT returns filed by the Company. As the matter progressed a provision for the potential liability that could have been measured with sufficient reliability has been recognised in the financial statements as disclosed in note 16. In April 2018, the Company filed for an appeal to the First-tier Tribunal challenging the amount of disputed tax and the Company had advanced in April 2018 an amount pertaining to outstanding assessments previously issued by HM Revenue and Customs, a prerequisite of the Tribunal to hear appeals for disputes relating to indirect taxes.

In April 2020, the Tribunal informed the Company that our appeal was allowed with HMRC no longer defending the assessments and in May 2020, the Company received refunds for £1.7m.

Sator Capital Limited
Notes to the Detailed Income Statement
Year ended 31 December 2019

24. Subsequent events

As at 31 December 2019, a limited number of cases of an unknown virus had been reported to the World Health Organisation ("WHO"). Following the subsequent spread of the virus, on March 11, 2020 the WHO declared COVID-19 outbreak to be a pandemic. The identification of the virus post 31 December 2019 as a new Coronavirus, and its subsequent spread has caused extensive disruption to businesses and economic activities globally, however, it is considered a non-adjusting event. However, the directors of the Company are monitoring the situation and considering the effect it may have on the assets of the Company in the future. As at the date of these financial statements, it is not possible to reliably estimate the financial effect (if any) of the virus on the Company's operations. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

25. Related party transactions

The Company has taken advantage of the disclosure exemption in related party available under section 33 of FRS102.

Sator Capital Limited is wholly owned by Sator S.p.A., which prepares the consolidated financial statements. The financial statements of this company are available to the public and may be obtained from the Italian Chamber of Commerce of Milan.

26. Controlling party

The Company's ultimate and immediate parent undertaking is Sator S.p.A., a company incorporated in Italy. The financial statements of this company are available to the public and may be obtained at this company's registered office: Via Cerva, 28 20122 Milan (Italy).

The Company's ultimate controlling party is Mr. Matteo Arpe.