

COMPANY REGISTRATION NUMBER: 06428281

Sator Capital Limited
Annual Report and Financial Statements
31 December 2021



Sator Capital Limited
Annual Report and Financial Statements
Year ended 31 December 2021

Contents	Page
Strategic report	1
Directors' report	3
Directors' responsibilities statement	5
Independent auditors' report to the member	6
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the annual report and financial statements	13

Sator Capital Limited

Strategic Report

Year ended 31 December 2021

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 2021 which has been prepared in accordance with the provisions applicable to small companies.

The Company is the designated investment manager and liquidating trustee 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 original term of the Fund was 10 years from the final closing and the original term of the Fund has subsequently been extended for two one-year periods. The term of the Fund expired on 5 March 2022 and the Fund has automatically entered into liquidation mode with Sator Capital Limited as liquidating trustee per the terms of the Partnership Agreement, and the realisation plan remains underway. The Company's assets under management at the end of 2021 were circa €195.0 m (or £163.7 m) (2020: €208.4 m (or £188.5 m)).

The results for the financial year are shown in the statement of comprehensive income on page 10. The Company's result of the year was a net loss of £11,892 (2020: £35,209 net profit).

Turnover: fee income was £905,500 (2020: £1,783,500), representing a 49% decrease from last year, the variance is consistent with the reduction in the fee rate granted by Sator GP Limited to the Fund.

Costs: total administrative expenses amounted to £1,022,783 (2020: £1,592,571) representing a decrease of 36% compared to last year. This decrease is consistent with operational needs.

As of 31st December 2021, SCL's total assets amounted to £8,430,652 (-0.6% vs £8,481,188 in 2020) with a cash position of £1,722,166 (-24% vs £2,269,996 in 2020) and shareholders' equity of £5,808,333 (-0.5% vs £5,838,105 in 2020). 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 from Sator GP Limited and by Sator GP Limited from the Fund. These risks are managed through regular dialogue with Sator GP Limited and between Sator GP Limited and the Fund 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 subjected to a fine or a ban on trading activities. This is managed through regular review of SCL's compliance framework by Senior Management.

Credit risk is considered as relatively low due to the Company's exposure primarily towards affiliated companies. Foreign exchange risk is monitored, as a 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 activities are split between the Sterling-based London office and the Euro-denominated Italian branch.

Sator Capital Limited

Strategic Report *(continued)*

Year ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES (CONT.)

In light of developments around the Covid-19 outbreak, the Company has been actively monitoring the current and potential impact to the Company and its business activities. The directors monitor the updates and effects of COVID 19 closely and believes that the impact on the business is not significant and based on the experience to date this remains to be the case.

GOING CONCERN

The Company's business activities, together with the factors likely to affect their performance and position are set out below. The financial and liquidity position of the Company are reflected on the balance sheet. The term of Sator Private Equity Fund, "A" L.P. (the "Fund") expired on 05 March 2022. The Fund automatically entered into liquidation mode with Sator Capital Limited acting as the liquidating trustee per the terms of the Partnership Agreement, with the realisation plan underway. However, the Company has sufficient financial resources, i.e., cash at bank as at the balance sheet date to meet its operating expenses and liabilities other than related party balances, at least twelve months from the date of signing these financial statements. The related party asset balances are mainly due from the GP, which are recoverable from the Fund and will be paid after realisation of investments. There is an uncertainty that exists as the disposals of investments may not take place within the next twelve months and the directors are considering alternatives where they could use SCL, as a regulated entity, to undertake other business activities in future after disposal of the investments. These events or conditions may cast significant doubt on the entity's ability to continue as a going concern and, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company has been actively engaging in identifying prospects in order to carry out its exit strategy from the investments held by the Fund. Furthermore, in most cases advisory firms have been engaged to support the Company with the exit process, with offers under consideration. However, the position remains uncertain and carries execution and timing risks associated with the fact that disposals may not take place within the next twelve months. The Company is monitoring all positions closely. For instance, there might be a time lag between the moment an agreement is reached with prospective buyers and the moment it is executed.

The Directors believe that a material uncertainty relating to going concern exists, however, 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 as outlined above 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 11 October 2022 and signed on behalf of the board by:



Rishi Ramanah
Director

Sator Capital Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the annual report and audited financial statements of the Company for the year ended 31 December 2021.

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 Milan. The principal activity of the Company is that of an investment manager and was authorised by the Financial Conduct Authority on 1 April 2008.

Directors

The directors who served the Company during the year and up to the date of approval of the Financial Statements were:

Mr Luca Barone
Mr Paolo Di Filippo
Mr Rishi Ramanah
Mr Giacomo Garbuglia (until 12 February 2021)
Mr Francesco Forghieri (appointed on 16 December 2021)

Dividends

The directors have not recommended a year-end dividend (2020: None).

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 23 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 auditors are 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 auditors are 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.

Special provisions relating to small companies

This report has been prepared in accordance with the special provisions related to small companies within part 15 of the Companies Act 2006 and therefore the company is exempt from various reporting requirements including certain disclosures in the Directors' report and the inclusion of a statement of cash flows.

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

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.

Deloitte LLP have been appointed as independent auditors. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Sator Capital Limited

Directors' Report *(continued)*

Year ended 31 December 2021

This report was approved by the board of directors on 11 October 2022 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'Rishi/Ramanah', written over a horizontal line.

Rishi/Ramanah
Director

Sator Capital Limited
Directors' Responsibilities Statement
Year ended 31 December 2021

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 the 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.

Independent auditor's report to the members of Sator Capital Limited

Year ended 31 December 2021

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 2021 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 properly 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 25.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements, where the life of Sator Private Equity Fund 'A' LP (The Fund) has been extended for a period of one year ending March 2022 in order to facilitate the liquidation of the Funds' investments. We also note that per the terms of the Fund, the Company became the Fund's liquidating Trustee on 5th March 2022. However, an uncertainty exists as the disposals of investments may not take place within the extended term of the Fund. As stated in note 3, these events or conditions, along with the other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report

Independent auditor's report to the members of Sator Capital Limited *(continued)*

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

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.

Independent auditor's report to the members of Sator Capital Limited *(continued)*

Year ended 31 December 2021

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition in connection with Investment Management has been deemed a significant risk due to fraud. To address this risk, we tested the completeness and accuracy of the inputs, specifically the aggregate carrying cost of investment, the agreed operational expenses and the agreed fee rates to the underlying agreements. In addition, we reviewed the terms of the Investment Management Agreement to confirm that the revenue balance had been calculated in line with the agreement.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statements disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and correspondence with the tax authorities.

**Independent auditor's report to the members of
Sator Capital Limited (continued)**

Year ended 31 December 2021

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

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 has 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 directors' report.

Matters on which we are required to report by exception

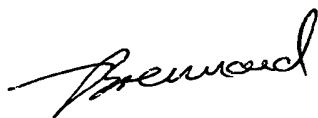
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- 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, BA, FCA
For and on behalf of Deloitte LLP
Statutory Auditor
St. Helier, Jersey
11 October 2022

Sator Capital Limited
Statement of Comprehensive Income
Year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	905,500	1,783,500
Gross profit		905,500	1,783,500
Administrative expenses		(1,022,783)	(1,592,571)
Other operating (expense)/income		117,041	(76,551)
Operating profit	5	(242)	114,378
Interest receivable and similar income	9	7,293	8,727
Profit before taxation		7,051	123,105
Tax on profit	10	(18,943)	(87,896)
Profit/(Loss) for the financial year		<u>(11,892)</u>	<u>35,209</u>
Other comprehensive income net of tax			
Foreign currency reserve movements	17	(122,213)	74,575
Total comprehensive income/(loss) for the year		<u>(134,105)</u>	<u>109,784</u>

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

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

The notes on pages 13 to 24 form part of these annual report and financial statements.

Sator Capital Limited
Statement of Financial Position
31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	99,706	119,283
Investments	13	1	1
		<u>99,707</u>	<u>119,284</u>
Current assets			
Debtors	14	6,608,779	6,091,908
Cash at bank and in hand		<u>1,722,166</u>	<u>2,269,996</u>
		8,330,945	8,361,904
Creditors: amounts falling due within one year	15	<u>(2,615,259)</u>	<u>(2,634,025)</u>
Net current assets		<u>5,715,686</u>	<u>5,727,879</u>
Total assets less current liabilities		<u>5,815,393</u>	<u>5,847,163</u>
Provisions for liabilities	16	<u>(7,060)</u>	<u>(9,058)</u>
Net assets		<u>5,808,333</u>	<u>5,838,105</u>
Capital and reserves			
Called up share capital	18	4,000,000	4,000,000
Profit and loss account	19	<u>1,808,333</u>	<u>1,838,105</u>
Shareholder funds		<u>5,808,333</u>	<u>5,838,105</u>

These annual report and financial statements were approved by the board of directors and authorised for issue on 11 October 2022, and are signed on behalf of the board by:



Mr Rishi Ramanah
Director

Company registration number: 06428281

The notes on pages 13 to 24 form part of these annual report and financial statements.

Sator Capital Limited
Statement of Changes in Equity
Year ended 31 December 2021

		Called up share capital £	Profit and loss account £	Total £
At 1 January 2020		4,000,000	2,528,321	6,528,321
Profit for the year		—	35,209	35,209
Other comprehensive income for the year	17	—	74,575	74,575
Total comprehensive income for the year		—	109,784	109,784
Dividends paid	11	—	(800,000)	(800,000)
At 31 December 2020		4,000,000	1,838,105	5,838,105
Loss for the year		—	(11,892)	(11,892)
Other comprehensive loss for the year	17	—	(122,213)	(122,213)
Total comprehensive loss for the year		—	(134,105)	(134,105)
FOREX adjustment on I/C write off	17	—	104,333	104,333
At 31 December 2021		<u>4,000,000</u>	<u>1,808,333</u>	<u>5,808,333</u>

The notes on pages 13 to 24 form part of these annual report and financial statements.

Sator Capital Limited

Notes to the Annual Report and Financial Statements

Year ended 31 December 2021

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 Milan. The principal activity of the Company is stated in the Directors' Report.

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 Company's business activities, together with the factors likely to affect their performance and position are set out below. The financial and liquidity position of the Company are reflected on the balance sheet. The term of Sator Private Equity Fund, "A" L.P. (the "Fund") expired on 05 March 2022. The Fund automatically entered into liquidation mode with Sator Capital Limited acting as the liquidating trustee per the terms of the Partnership Agreement, with the realisation plan underway. However, the Company has sufficient financial resources, i.e., cash at bank as at the balance sheet date to meet its operating expenses and liabilities other than related party balances, at least twelve months from the date of signing these financial statements. The related party asset balances are mainly due from the GP, which are recoverable from the Fund and will be paid after realisation of investments. There is an uncertainty that exists as the disposals of investments may not take place within the next twelve months and the directors are considering alternatives where they could use SCL, as a regulated entity, to undertake other business activities in future after disposal of the investments. These events or conditions may cast significant doubt on the entity's ability to continue as a going concern and, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company has been actively engaging in identifying prospects in order to carry out its exit strategy from the investments held by the Fund. Furthermore, in most cases advisory firms have been engaged to support the Company with the exit process, with offers under consideration. However, the position remains uncertain and carries execution and timing risks associated with the fact that disposals may not take place within the next twelve months. The Company is monitoring all positions closely. For instance, there might be a time lag between the moment an agreement is reached with prospective buyers and the moment it is executed.

The Directors believe that a material uncertainty relating to going concern exists, however, 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 as outlined above 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.

Sator Capital Limited

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

Year ended 31 December 2021

3. Accounting policies *(continued)*

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 (Section 7 and paragraph 3.17)
- (b) Disclosures in respect of financial instruments have not been presented (Section 11 and 12)
- (c) No disclosure has been given for the aggregate remuneration of key management personnel. (Paragraph 33.7)

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 are not aware of any 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 year. 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 2021

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 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 separately disclosed the foreign exchange translation reserve in the statement of changes in equity.

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.

Sator Capital Limited

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

Year ended 31 December 2021

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and 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	- 10 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.

Impairment of current assets

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated statement of comprehensive income.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a third party to engage in a repayment plan with the company, and a failure to make contractual payments. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of total comprehensive income.

Sator Capital Limited

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

Year ended 31 December 2021

3. Accounting policies *(continued)*

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 accrual basis.

Debtors

Debtors are initially measured at fair value being the transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment. Any impairments are recognised in the statement of comprehensive income.

Creditors

Creditors are initially measured at fair value being the transaction price (after deducting transaction costs) and subsequently held at amortised cost. Any impairments are recognised in the statement of comprehensive income.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	<u>905,500</u>	<u>1,783,500</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 2021

5. Operating profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Rental expense	142,240	142,240
Depreciation of tangible assets	20,443	19,971
Foreign exchange differences	50,253	1,318

6. Auditors' remuneration

	2021	2020
	£	£
Fees paid for the audit of the annual report and financial statements	37,100	39,217
Fees paid to the Company's auditors and their associates for other services: Audit-related assurance services	7,500	7,500

7. Staff costs

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

	2021	2020
	No.	No.
Administrative and management staff	2	4

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

	2021	2020
	£	£
Wages and salaries	126,498	362,005
Social security costs	25,371	93,242
	151,869	455,247

8. Directors' remuneration

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

	2021	2020
	£	£
Remuneration	84,305	278,996

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

	2021	2020
	£	£
Aggregate remuneration	77,000	183,996

Sator Capital Limited

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

Year ended 31 December 2021

9. Other interest receivable and similar income	2021	2020
	£	£
Interest on cash and cash equivalents	1,084	1,309
Interest on loan	6,209	7,418
	<u>7,293</u>	<u>8,727</u>
10. Tax on profit		
Major components of tax expense		
	2021	2020
	£	£
Current tax:		
UK current tax expense	4,687	23,339
Double taxation relief	(4,687)	(23,339)
Total UK current tax	<u>–</u>	<u>–</u>
Foreign current tax expense	20,941	87,593
Total current tax	<u>20,941</u>	<u>87,593</u>
Deferred tax:		
Origination and reversal of timing differences	(1,998)	303
Tax on profit	<u>18,943</u>	<u>87,896</u>

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%.

In Finance Bill 2021, the government announced an increase in the Corporation Tax main rate from 19% to 25% for companies with profits over £250,000 together with the introduction of a small profits rate of 19% with effect from 1 April 2023. The small profits rate will apply to companies with profits of not more than £50,000, with marginal relief available for profits up to £250,000.

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit before taxation	7,051	123,105
Profit by rate of tax	1,340	23,390
Effect of expenses not deductible for tax purposes	3,768	3,794
Unrelieved foreign tax	16,256	64,254
Deferred tax movements	(1,998)	303
Other tax adjustment to increase/(decrease) tax liability	(423)	(3,845)
Tax on profit	<u>18,943</u>	<u>87,896</u>

Sator Capital Limited

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

Year ended 31 December 2021

11. Dividends

	2021 £	2020 £
Dividends proposed before the year end and recognised as a liability	<u>—</u>	<u>800,000</u>

12. Tangible assets

	Leasehold property £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 January 2021	221,572	67,119	108,149	396,840
Additions	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2021	<u>221,572</u>	<u>67,119</u>	<u>108,149</u>	<u>396,840</u>
Depreciation				
At 1 January 2021	124,222	57,416	95,919	277,557
Charge for the year	14,412	1,375	4,656	20,443
At 31 December 2021	<u>138,634</u>	<u>58,791</u>	<u>100,575</u>	<u>298,000</u>
Carrying amount				
At 31 December 2021	<u>82,938</u>	<u>8,328</u>	<u>7,574</u>	<u>98,840</u>
At 31 December 2020	<u>97,350</u>	<u>9,703</u>	<u>12,230</u>	<u>119,283</u>

13. Investments

	Shares in the investee undertaking £
Cost	
At 1 January 2021 and 31 December 2021	<u>1</u>
Impairment	
At 1 January 2021 and 31 December 2021	<u>—</u>
Carrying amount	
At 31 December 2021	<u>1</u>
At 31 December 2020	<u>1</u>

Sator Capital Limited

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

Year ended 31 December 2021

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.

As of 31st December 2021, the Company had direct and indirect 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	Sator GP limited holds 86%
Country of incorporation	England
Nature of business	Dormant Company
Registered address	14 Golden Square, London, W1F 9JF

14. Debtors

	2021	2020
	£	£
Trade debtors	432,530	818,754
Loan to related party	440,182	464,581
Prepayments and other debtors	223,776	188,604
Accrued income	5,089,534	4,184,034
Amount due from the underlying investment funds	215,719	269,581
Italian Tax Authorities	83,214	98,241
Corporation Tax	123,824	68,113
	<u>6,608,779</u>	<u>6,091,908</u>

On 31st October 2018, the Company entered into an unsecured Bridge Loan Agreement 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% and the term of expiry was extended to 31 December 2022.

As further detailed in the Strategic report, the Company's revenues are derived from the investment management of Sator Private Equity Fund, "A" L.P. (the "Fund") through Sator GP Limited. Following cash inflows from the realisation of investments held by the Fund, the amount due to Sator GP Limited by the Fund shall be recovered and Sator GP Limited shall pay onwards to Sator Capital Limited. The accrued income represents the investment management fees due from Sator GP Limited, with £4,184,034 relating to prior years from the year 2018 until 2020 and in respect of the current year, the investment management fees receivable was £905,500.

15. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	33,954	28,745
Accruals and deferred income	2,558,602	2,535,558
Social security and other taxes	5,011	10,342
Other creditors	17,692	59,380
	<u>2,615,259</u>	<u>2,634,025</u>

Sator Capital Limited

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

Year ended 31 December 2021

16. Deferred tax

	Deferred tax £	Total £
At 1 January 2021	9,058	9,058
Charge against provision	(1,998)	(1,998)
At 31 December 2021	<u>7,060</u>	<u>7,060</u>

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

	2021 £	2020 £
Accelerated capital allowances	<u>7,060</u>	<u>9,058</u>

Deferred tax movement during the year is as follows, this relates to the reversal of capital allowance timing differences.

	2021 £	2020 £
Movement during the year	<u>(1,998)</u>	<u>1,559</u>

17. Analysis of other comprehensive income

	Profit and loss account £
Year ended 31 December 2021	
Foreign currency retranslation	(122,213)
Year ended 31 December 2020	
Foreign currency retranslation	<u>74,575</u>

During the year, FOREX retranslation reserve was adjusted by £104k as a result of intercompany adjustment with its branch in Italy. This resulted in an increase in reserves as the previously held balance was written off and the impact of this was absorbed in the profit and loss.

18. Called up share capital

Issued, called up and fully paid

	2021		2020	
	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 2021

19. 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 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.

20. Operating leases

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

	2021	2020
	£	£
Not later than 1 year	142,240	142,240
Later than 1 year and not later than 5 years	-	568,960
Later than 5 years	-	287,208
	<u>142,240</u>	<u>998,408</u>

The Company entered into a lease agreement for a duration of 10 years starting from 8 January 2018 with a 5-year break option. The break option was exercised, and the lease terminates no later than the break date on 8 January 2023.

21. Other financial commitments

The Company had no capital commitments at year-end.

22. Contingencies

In September 2021, an employee of the company initiated legal proceedings against the company in the Italian Employment Court. This appeal was subsequently rejected by the court in August 2022. There are no contingencies at the end of the reporting year which require adjustments to or disclosures in the financial statements.

Sator Capital Limited

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

Year ended 31 December 2021

23. Subsequent events

In February 2022, Russia launched a military offensive against Ukraine, resulting in widespread sanctions on Russia and heightened security and cyber threats. Market disruptions associated with the geopolitical event has had a global impact, and ongoing uncertainty exists as to the future implications. Whilst the macroeconomic impact of such disruptions could adversely affect the assets, the Company does not have any direct exposure to Russian or Ukrainian assets.

There are no other events after the reporting year which require adjustments to or disclosures in the financial statements.

24. Related party transactions

The Company has taken advantage of the disclosure exemption on related party transactions 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.

25. Controlling party

The Company's ultimate and immediate parent undertaking is Sator S.p.A., a company incorporated in Italy. This is the next most senior parent and issues consolidated financial statements, 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.