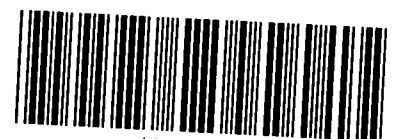


Registered number
06603042

Silk Invest Limited
Report and Financial Statements
31 December 2021

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Silk Invest Limited
Report and accounts
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Silk Invest Limited
Company Information

Directors

Zin El Abidin Bekkali
Heinz Hockman
Waseem Khan
Nada Hamdoun (resigned 2 July 2021)
Sarah Bekkali
Hajar Mouatassim (appointed 22 February 2022)

Secretary

Zin El Abidin Bekkali

Auditors

Mercer and Hole
Batchworth House
Batchworth Place
Church Street
Rickmansworth
Hertfordshire
WD3 1JE

Bankers

Ebury Partners UK Ltd
3rd Floor
100 Victoria Street
London
SW1 5JL

Registered office

30 Churchill Place
London
E14 5RE

Registered number

06603042

Silk Invest Limited
Registered number:
Directors' Report

06603042

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

Principal activities

The company's principal activity during the year continued to be that of investment management.

Financial instruments

In respect of bank balances, the liquidity risk is managed by transferring funds between the accounts of the company to obtain the maximum rate of interest, whilst not impacting on the immediate financial needs to the company.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts for both time and credit limits.

Liquidity risk in respect of creditors is managed by ensuring sufficient funds are available to meet amounts due.

Dividends

No ordinary interim dividends were paid (2020: nil). The directors do not recommend payment of a final dividend (2020: nil).

Directors

The following persons served as directors during the year:

Zin El Abidin Bekkali
Heinz Hockman
Waseem Khan
Nada Hamdoun (resigned 2 July 2021)
Sarah Bekkali
Hajar Mouatassim (appointed 22 February 2022)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Invest Limited
Registered number:
Directors' Report

06603042


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

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on27/04/2022..... and signed on its behalf.



Zin El Abidin Bekkali
Director

Invest Limited

Strategic Report

The directors present the strategic report for the year ended 31 December 2021.

Review of the business

The company's principal activity remains that of Investment Management. The main focus in 2021 was to ensure business continuity during the unprecedented environment that the company faced and to prepare the company for a new economic cycle. Despite the COVID-19 outbreak and its negative impacts the business was able to limit the overall losses and succeeded in closing the year in cash flow positive territory.

As reported on page 10 of the company's profit and loss account, turnover increased by 21.8% to £ 724,848 in 2021. There was a significant decrease in the cost of sales as the company managed to implement better cost controls. Administrative expenses remained in line with sales and have increased by 21.6% from the previous year. The company has managed to make a profit for the year of £66,469 compared to a loss of £63,400 in 2020, and a loss of £66,274 in 2019.

Silk Invest has benefited from its multi office structure and fully leveraged on its IT systems and business processes to continue to deliver its services. The lockdowns and the closing of physical offices during a number of periods did not impact the investment offering of Silk Invest and the company was able to maintain effective communication lines with its investors. The company was also able to increase its strategic partnerships in Europe and in Africa. Silk Invest has extended its business activity to become a regulated principle of two companies also referred to as Appointed Representatives; this has further contributed to diversifying the company's revenue streams and more importantly, exposure to new business partners.

The company continued to manage its cost base in a disciplined manner and has further restructured its organization to allow it to generate profits in difficult market environments. The lower costs were achieved without weakening the overall positioning of the firm which continues to retain its key team members and offices in different countries. This will allow the firm to fully profit when the overall environment improves and demand for its core products goes back to the level of the previous years. Major positives in 2021 were receiving part of the accrued private equity management fees thanks to proceeds from a partial exit in the private equity fund. Further, Silk Invest has initiated discussions to realise a second Private Equity exit of the fund which will allow the firm to get a significant part of its accruals, significantly clear its liabilities and improve its liquidity to close the year with a positive cash position.

Silk Invest believes that the investment cycle will recover and that the firm will be able to fully benefit from this thanks to its well-established infrastructure. The firm was able to hire new talent within its operations and compliance teams in mainly Casablanca. The company has continued to invest in its investment infrastructure in the various countries but plans to maintain a tight cost control strategy with the aim of further improving profitability.

Principal risks and uncertainties

The Board of Directors of Silk Invest regularly discuss the risks and uncertainties prevalent in the company's principal markets and ways to mitigate such risks. These risks and challenges drive the Internal Capital Adequacy Assessment Process (ICAAP) and form the basis for the Basel Pillar 1 and Pillar 2 requirements. The various assessments include operational risks, business planning risks and availability of capital buffers. The company has established processes to deal with each risk and periodically performs stress tests to enable early identification of issues, which may cause a negative impact on the company's business. The company has continued to strengthen the management and oversight of the main risks within the firm including keyman exposure, strengthening trading systems and streamlining investment processes.

In 2021, the company continued to focus on training staff on various aspects of compliance to ensure that all team members were up to date on the changes in the regulatory environment. Special focus was on the successful implementation of the FCA Investment Firms Prudential Regime (IFPR) together with the Senior Manager and Certification Regime (SM&CR).

Silk Invest Limited Strategic Report

As the situation around COVID-19 continues to evolve and change the landscape of the business, the Board members of Silk Invest Limited have taken adequate measures to adapt to the disruption through activating its Business Continuity Plan to mitigate and minimize the risks in the case of a worsening of the current environment. Guidelines to staff and partners are being reviewed on a daily basis to ensure the smooth functioning of the firm.

Key performance indicators

Management uses a range of performance measures to monitor and manage the business. The KPIs used for 2021 to determine the progress and performance of the company are set out below:

Turnover: Increase by 21.8% from £594,921 to £ 724,848

Admin Expenses: Increase by 21.6% from £ 528,030 to £ 642,265

Operating Profit/ (Loss): Increase from (£72,965) to £63,790

Shareholder equity stands at £825,784, compared with £759,315 in 2020.

Other branches

The other significant branch of Silk Invest is located in Morocco 283, Bd Yacoub Al Mansour, Etage 5, N:36, Casablanca.

Future developments

Silk Invest aims to focus in 2022 on further developing its strategic partnerships and financial positioning. On the partnerships side, the firm is in among others in advanced discussions with a potential investment management firm which may join Silk Invest platform. The main priority on the financial side is to receive the accrued management fees to allow it to significantly reduce the receivables of the firm.

Silk Invest Limited Strategic Report

Section 172 statement

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
 - the interests of the company's employees;
 - the need to foster the company's business relationships with suppliers, customers and others;
 - the impact of the company's operations on the community and the environment,
 - the desirability of the company maintaining a reputation for high standards of business conduct;
- and the need to act fairly as between members of the company.

("the s172 matters")

The directors of the Company have sought to balance the needs of its members with the s.172 matters throughout the year, ensuring that the Company's reputation for high standards of conduct are maintained and through strong relationships with employees and colleagues. The directors of the Company have a duty to promote the success of the company, and this relies on smooth operations and the support and joint efforts of management. Thus, effective communication and interaction are indispensable in the company's business operations.

This report was approved by the board on 27/04/2022 and signed on its behalf.



Zin El Abidin Bekkali
Director

Silk Invest Limited
Independent auditor's report
to the members of Silk Invest Limited

Opinion

We have audited the financial statements of Silk Invest Limited for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Material uncertainty relating to going concern

As described in Note 1. Going concern there is uncertainty over the timing of receipt of earned management fees on certain projects, included in debtors. This may create additional pressure on the company's cash flow. As a result, there is material uncertainty as to whether the company is likely to remain a going concern for the foreseeable future. Our opinion is not qualified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Silk Invest Limited
Independent auditor's report
to the members of Silk Invest Limited

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches under the firm's Financial Conduct Authority registration and General Data Protection Regulations, and we considered the extent to which non-compliance may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principle risks were related to posting inappropriate entries including journals to misstate revenue or expenditure, and management bias.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities; identifying and testing journal entries.

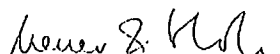
Silk Invest Limited
Independent auditor's report
to the members of Silk Invest Limited

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

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.



Alexander Bell FCA (Senior Statutory Auditor)
for and on behalf of Mercer and Hole

Chartered Accountants
Statutory Auditor

Batchworth House, Batchworth Place
Church Street
Rickmansworth
Herts
WD3 1JE

27/04/2022
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Silk Invest Limited
Income Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	724,848	594,921
Cost of sales		(28,826)	(163,156)
Gross profit		<u>696,022</u>	<u>431,765</u>
Administrative expenses		(642,265)	(528,030)
Other operating income		10,033	23,300
Operating profit/(loss)	4	<u>63,790</u>	<u>(72,965)</u>
Interest receivable		4,149	11,360
Interest payable	7	(1,566)	(1,838)
Profit/(loss) on ordinary activities before taxation		<u>66,373</u>	<u>(63,443)</u>
Tax on profit/(loss) on ordinary activities	8	96	43
Profit/(loss) for the financial year		<u>66,469</u>	<u>(63,400)</u>

Silk Invest Limited
Statement of comprehensive income
for the year ended 31 December 2021

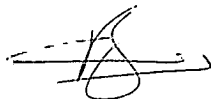
	Notes	2021 £	2020 £
Profit/(loss) for the financial year		66,469	(63,400)
Other comprehensive income			
Total comprehensive income for the year		<u>66,469</u>	<u>(63,400)</u>

There was no other comprehensive income for 2021 (2020: £nil).

Silk Invest Limited
Statement of Financial Position
as at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	9	2,110	2,814
Investments	10	<u>377,220</u>	<u>377,220</u>
		379,330	380,034
Current assets			
Debtors	11	1,116,192	833,435
Cash at bank and in hand		<u>19,023</u>	<u>16,262</u>
		1,135,215	849,697
Creditors: amounts falling due within one year	12	(688,517)	(470,076)
Net current assets		<u>446,698</u>	<u>379,621</u>
Total assets less current liabilities		<u>826,028</u>	<u>759,655</u>
Provisions for liabilities			
Deferred taxation	13	(244)	(340)
Net assets		<u>825,784</u>	<u>759,315</u>
Capital and reserves			
Called up share capital	14	2,251,952	2,251,952
Share premium	15	430,051	430,051
Profit and loss account	16	(1,856,219)	(1,922,688)
Total equity		<u>825,784</u>	<u>759,315</u>

The financial statements we approved by the board of directors and authorised for issue and are signed on its behalf by:



Zin El Abidin Bakkali
 Director

Approved by the board on27/04/2022.....

Company Registration No. 06603042

Silk Invest Limited
Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 January 2020	2,251,952	430,051	-	(1,859,288)	822,715
Loss for the financial year				(63,400)	(63,400)
At 31 December 2020	<u>2,251,952</u>	<u>430,051</u>	<u>-</u>	<u>(1,922,688)</u>	<u>759,315</u>
At 1 January 2021	2,251,952	430,051	-	(1,922,688)	759,315
Profit for the financial year				66,469	66,469
At 31 December 2021	<u>2,251,952</u>	<u>430,051</u>	<u>-</u>	<u>(1,856,219)</u>	<u>825,784</u>

Silk Invest Limited
Statement of Cash Flows
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Operating activities			
Profit/(loss) for the financial year		66,469	(63,400)
Adjustments for:			
Interest receivable		(4,149)	(11,360)
Interest payable		1,566	1,838
Tax on profit/(loss) on ordinary activities		(96)	(43)
Depreciation		704	939
Increase in debtors		(282,757)	(82,597)
Increase in creditors		<u>218,441</u>	<u>84,141</u>
		178	(70,482)
Interest received		4,149	11,360
Interest paid		(1,566)	(1,838)
		<u>2,761</u>	<u>(60,960)</u>
Cash generated by/(used in) operating activities		<u>2,761</u>	<u>(60,960)</u>
Investing activities			
Payments to acquire tangible fixed assets		-	(500)
		<u>-</u>	<u>(500)</u>
Cash used in investing activities		<u>-</u>	<u>(500)</u>
Net cash generated/(used)			
Cash generated by/(used in) operating activities		2,761	(60,960)
Cash used in investing activities		-	(500)
		<u>2,761</u>	<u>(61,460)</u>
Net cash generated/(used)		<u>2,761</u>	<u>(61,460)</u>
Cash and cash equivalents at 1 January		<u>16,262</u>	<u>77,722</u>
Cash and cash equivalents at 31 December		<u>19,023</u>	<u>16,262</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>19,023</u>	<u>16,262</u>

Silk Invest Limited
Notes to the Accounts
for the year ended 31 December 2021

1 Summary of significant accounting policies

Company information

Silk Invest Limited is a private company limited by shares incorporated in England and Wales. The registered office is 30 Churchill Place, London, E14 5RE.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Silk Invest Limited is a wholly owned subsidiary of Silk Investment Management Ltd, a company registered in England and Wales, and the results of Silk Invest Limited are included in the consolidated financial statements of Silk Investment Management Ltd which are available from 30 Churchill Place, London, E14 5RE.

Going concern

At the time of approving the financial statements, the directors and shareholders have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Notwithstanding the above, the directors recognise there is uncertainty regarding the timing of recovery of earned management fees included within debtors of £871,423 which are dependent on the outcome of disposals of assets within funds under the company's management, and on the outcome of other projects in which the company is invested.

Turnover

Turnover represents amounts chargeable to clients for the provision of professional services that have been provided during the year. The company recognises income at the point where it obtains the right to consideration. Amounts unbilled at the year end are included within accrued revenue. The excess of the right to consideration over invoiced amounts is shown within other creditors.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	25% reducing balance
-----------------------	----------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Silk Invest Limited
Notes to the Accounts
for the year ended 31 December 2021

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Investments in equity shares which are not publicly traded and where fair value of the shares cannot be measured reliably are initially measured at cost, including transaction costs. The investment is not remeasured except where impairment has been identified.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognized in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Silk Invest Limited
Notes to the Accounts
for the year ended 31 December 2021

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognized in profit or loss, except that investments are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only 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 and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

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Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Employee benefits disclosure

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Historically areas of judgement have not had a material impact on the company's financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no material indicators of impairments identified during the current financial year other than in respect of bad and doubtful trade debtor balances recognised in the financial statements.

Estimating value in use

Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

3 Analysis of turnover	2021	2020
	£	£
Investment management	<u>724,848</u>	<u>594,921</u>
By geographical market:		
UK	<u>724,848</u>	<u>594,921</u>

Silk Invest Limited
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4 Operating profit	2021	2020
	£	£
This is stated after charging:		
Exchange losses	64,586	8,294
Depreciation of owned fixed assets	704	939
Operating lease rentals - land and buildings	19,790	53,399
Auditors' remuneration for audit services	21,049	18,829
Key management personnel compensation (including directors' emoluments)	<u>217,096</u>	<u>134,060</u>
Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £64,586 (2020 £8,294).		
5 Directors' emoluments	2021	2020
	£	£
Emoluments	163,319	111,415
Company contributions to defined contribution pension plans	<u>189</u>	<u>304</u>
	<u>163,508</u>	<u>111,719</u>
Number of directors to whom retirement benefits accrued:	2021	2020
	Number	Number
Defined contribution plans	<u>1</u>	<u>2</u>
6 Staff costs (including directors)	2021	2020
	£	£
Wages and salaries	321,313	275,362
Social security costs	8,599	12,328
Pension costs	<u>643</u>	<u>1,778</u>
	<u>330,555</u>	<u>289,468</u>
Average number of employees during the year	Number	Number
Administration	1	2
Sales, marketing and development	3	3
Investment	6	7
Operations	<u>2</u>	<u>2</u>
	<u>12</u>	<u>14</u>

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7 Interest payable	2021	2020
	£	£
Bank loans and overdrafts	1,534	1,838
Other loans	<u>32</u>	<u>-</u>
	<u>1,566</u>	<u>1,838</u>

8 Taxation	2021	2020
	£	£
Analysis of charge in period		
Deferred tax:		
Origination and reversal of timing differences	(96)	(43)
	<u>(96)</u>	<u>(43)</u>
Tax on loss on ordinary activities	<u>(96)</u>	<u>(43)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021	2020
	£	£
Profit/(loss) on ordinary activities before tax	<u>66,373</u>	<u>(63,443)</u>
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	12,611	(12,054)
Effects of:		
Expenses not deductible for tax purposes	803	12,290
Utilised tax losses	(12,876)	-
Capital allowances for period in excess of depreciation	(538)	(236)
	<u>-</u>	<u>-</u>
Current tax charge for period	<u>-</u>	<u>-</u>

The company has unutilised tax losses of £1,500,809 (2020: £1,568,578). No deferred tax asset has been recognised in the financial statements in relation to these losses.

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9 Tangible fixed assets

	Fixtures and fittings At cost £
Cost or valuation	
At 1 January 2021	<u>6,933</u>
At 31 December 2021	<u>6,933</u>
Depreciation	
At 1 January 2021	4,119
Charge for the year	<u>704</u>
At 31 December 2021	<u>4,823</u>
Carrying amount	
At 31 December 2021	<u>2,110</u>
At 31 December 2020	<u>2,814</u>

10 Fixed asset investments

	Investments in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 January 2021	66	377,154	377,220
At 31 December 2021	<u>66</u>	<u>377,154</u>	<u>377,220</u>
Historical cost			
At 1 January 2021	<u>66</u>	<u>377,154</u>	
At 31 December 2021	<u>66</u>	<u>377,154</u>	

The company holds 20% or more of the share capital of the following companies:

Company	Shares held		Capital and reserves	Profit (loss) for the year
	Class	%	£	£
Silk Capital Management LLC	Ordinary	100	51,850	49,619

Silk Capital Management LLC is a company registered in the USA and the nature of business is providing advisory services to investment funds.

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11 Debtors	2021	2020
	£	£
Trade debtors	15,042	3,563
Amounts owed by group undertakings and undertakings in which the company has a participating interest	16,609	93,636
Other debtors	200,335	262,881
Prepayments and accrued income	<u>884,206</u>	<u>473,355</u>
	<u>1,116,192</u>	<u>833,435</u>

Other debtors include £nil (2020: £151,921) falling due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Creditors: amounts falling due within one year	2021	2020
	£	£
Trade creditors	326,304	319,652
Other taxes and social security costs	636	772
Other creditors	325,979	110,386
Accruals and deferred income	<u>35,598</u>	<u>39,266</u>
	<u>688,517</u>	<u>470,076</u>

13 Deferred taxation	2021	2020
	£	£
Accelerated capital allowances	<u>244</u>	<u>340</u>
	2021	2020
	£	£
At 1 January	340	383
Credited to the profit and loss account	(96)	(43)
At 31 December	<u>244</u>	<u>340</u>

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14 Share capital	Nominal value	2021 Number	2021 £	2020 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	26,976	26,976	26,976
Ordinary A shares	£142.60 each	12,314	1,755,976	1,755,976
Ordinary B shares	£100 each	4,690	<u>469,000</u>	<u>469,000</u>
			<u>2,251,952</u>	<u>2,251,952</u>

Ordinary shares have full rights except on winding up, in which case the Ordinary A shares shall have priority up to the Ordinary A shares issue price.

Ordinary A shares rank pari passu with the Ordinary shares in all respects except in a winding up where the Ordinary A shares will be paid first, up to the Ordinary A share issue price. Thereafter all shares are paid pro-rata.

Ordinary B shares rank pari passu with the Ordinary shares in all respects including voting, dividends and on winding up.

15 Share premium	2021 £	2020 £
At 1 January	430,051	430,051
At 31 December	<u>430,051</u>	<u>430,051</u>

16 Profit and loss account	2021 £	2020 £
At 1 January	(1,922,688)	(1,859,288)
Profit/(loss) for the financial year	66,469	(63,400)
At 31 December	<u>(1,856,219)</u>	<u>(1,922,688)</u>

17 Defined contribution pension plans

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

During the year the charge to the profit and loss in respect of defined contribution schemes was £643 (2020: £1,778).

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18 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings 2021 £	Land and buildings 2020 £	Other 2021 £	Other 2020 £
Falling due: within one year	<u>2,022</u>	<u>3,885</u>	<u>-</u>	<u>-</u>

19 Related party transactions

Silk Invest Limited seeks to invoke the exemption provided in section 33.1A of Financial Reporting Standard 102, allowing non disclosure of related party transactions with wholly owned subsidiaries.

A director of Silk Invest Limited is also a director of Cocoon Homes Limited. Silk Invest Limited has an investment in shares of £376,286 in Cocoon Homes Limited.

As at 31 December 2021 the company owed a director £167,608 and a director owed the company £2,086 (2020: the company owed directors £61,387 and a director owed the company £1,501). Loans to and from the directors are interest free and repayable on demand.

During the year the company paid expenses on behalf of its directors totalling £63,143 and the directors repaid the company £179,060.

20 Controlling party

The ultimate parent company is Silk Investment Management Ltd.

The ultimate controlling party is Zin El Abidin Bekkali, together with members of his immediate family.