

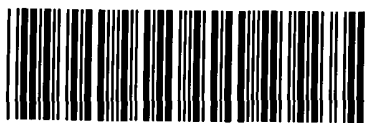
Registered number: 07654159

## **Carrhae Capital Management (UK) Limited**

**Annual report and financial statements**

**For the year ended 31 March 2017**

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**Carrhae Capital Management (UK) Limited**

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**Carrhae Capital Management (UK) Limited**

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**Company Information**

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<b>Director</b>	A Akay
<b>Registered number</b>	07654159
<b>Registered office</b>	4th Floor, Reading Bridge House George Street Reading Berkshire RG1 8LS
<b>Independent auditors</b>	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY
<b>Bankers</b>	HSBC Bank Plc 196 Oxford Street London W1D 1NT

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**Carrhae Capital Management (UK) Limited**

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**Strategic report  
For the year ended 31 March 2017**

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The director presents his strategic report of Carrhae Capital Management (UK) Limited ("the Company") for the year ended 31 March 2017.

**Business review**

The principal activity of the Company is to act as designated member of Carrhae Capital LLP ("the LLP"), a limited liability partnership which is authorised and regulated by the Financial Conduct Authority to provide investment management services via a Cayman domiciled affiliate company to a range of alternative investment vehicles with aggregate assets under management on 31 March 2017 of £1,463,830,154. As the designated member of the LLP, the Company holds a capital investment in the LLP and is entitled to receive a profit allocation from this entity on a discretionary basis.

In the opinion of the director, the results for the year and the state of the Company's affairs at 31 March 2017 are satisfactory.

**Key performance indicators ("KPIs")**

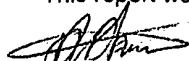
The Company's sole source of income is the discretionary profit allocation from the LLP. The Company has generated a profit during the year of £1,863 as a result of the profit allocation received for the current year.

Given the straightforward nature of the business, the director is of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

**Principal risks and uncertainties**

The Company is dependent on an allocation of profit from the LLP to generate income. As a result, the Company's principal risks are the credit risk and liquidity risk associated with the receipt of income from this counterparty. Given the Company receives an allocation of the residual profit of the LLP, the Company is also individually exposed to the financial performance of the LLP and hence, the assets managed by the entity.

This report was approved by the board on



**A Akay**  
Director

4/10/17

and signed on its behalf by

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**Carrhae Capital Management (UK) Limited**

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**Director's report  
For the year ended 31 March 2017**

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The director presents his report and the financial statements for the year ended 31 March 2017.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,863 (2016: £4,698).

During the year a dividend of £nil was paid (2016: £nil).

**Director**

The director who served during the year and up to the date of this report was A Akay.

**Going concern**

The Company has net current liabilities arising from the mis-match between the timing of the recognition of the tax liability and the allocated income. The LLP has committed to provide liquidity to the Company through the allocation of future profits to the extent that this is required to fund any liquidity needs.

As a result, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being 12 months from the date of this report. Accordingly, he continues to adopt the going concern basis in preparing the director's report and financial statements.

**Future developments**

The director does not expect any change in the principal activity of the Company in the foreseeable future.

**Disclosure of information to auditors**

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

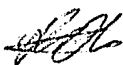
**Auditor**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

4/10/17

and signed on its behalf



A Akay  
Director

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**Carrhae Capital Management (UK) Limited**

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**Director's responsibilities statement  
For the year ended 31 March 2017**

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The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgments and accounting 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.

The director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

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**Carrhae Capital Management (UK) Limited**

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**Independent auditor's report to the Shareholders of Carrhae Capital Management (UK) Limited**

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We have audited the financial statements of Carrhae Capital Management (UK) Limited ("the Company") for the year ended 31 March 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 13. The relevant financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 shareholders 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.

**Respective responsibilities of the Director and Auditor**

As explained more fully in the Director's Responsibilities Statement on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**Carrhae Capital Management (UK) Limited**

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**Independent auditor's report to the Shareholders of Carrhae Capital Management (UK) Limited  
(continued)**

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**Opinion on other matter prescribed by the Companies Act 2006**

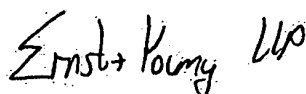
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.
- **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Director's Report.

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Neil Parker (Senior statutory auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)  
London

SM October 2017



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**Carrhae Capital Management (UK) Limited**

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**Statement of comprehensive income**  
**For the year ended 31 March 2017**

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	<i>Note</i>	<b>2017</b> £	<b>2016</b> £
Turnover	3	2,333	8,922
Administrative expenses		-	-
<b>Operating profit</b>		<u>2,333</u>	<u>8,922</u>
Tax on profit	6	(470)	(4,224)
<b>Profit for the financial year</b>		<u><u>1,863</u></u>	<u><u>4,698</u></u>

All activities are derived from continuing operations.

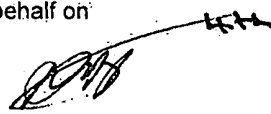
There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 15 form part of these financial statements.

**Carrhae Capital Management (UK) Limited**  
**Registered number: 07654159**

**Statement of financial position**  
**As at 31 March 2017**

	<i>Note</i>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Fixed assets</b>			
Investments	7	800,000	800,000
		<u>800,000</u>	<u>800,000</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	1	1,971
Cash at bank and in hand	9	710	119
		<u>711</u>	<u>2,090</u>
Creditors: amounts falling due within one year	10	(982)	(4,224)
<b>Net current liabilities</b>		<u>(271)</u>	<u>(2,134)</u>
<b>Total assets less current liabilities</b>		<u>799,729</u>	<u>797,866</u>
<b>Net assets</b>		<u>799,729</u>	<u>797,866</u>
<b>Capital and reserves</b>			
Called up share capital	11	101	101
Share premium account		799,900	799,900
Profit and loss account		(272)	(2,135)
		<u>799,729</u>	<u>797,866</u>

The financial statements were approved and authorised for issue by the board on and were signed on its behalf on  October 2017 by:

**A Akay**  
**Director**

The notes on pages 11 to 15 form part of these financial statements.

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**Carrhae Capital Management (UK) Limited**

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**Statement of changes in equity  
For the year ended 31 March 2017**

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	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 April 2016	101	799,900	(2,135)	797,866
Profit for the year	-	-	1,863	1,863
At 31 March 2017	<u>101</u>	<u>799,900</u>	<u>(272)</u>	<u>799,729</u>

**Statement of changes in equity  
For the year ended 31 March 2016**

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	<i>Called up share capital</i>	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	£	£	£	£
At 1 April 2015	101	799,900	(6,833)	793,168
Profit for the year	-	-	4,698	4,698
At 31 March 2016	<u>101</u>	<u>799,900</u>	<u>(2,135)</u>	<u>797,866</u>

The notes on pages 11 to 15 form part of these financial statements.

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**Carrhae Capital Management (UK) Limited**

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**Statement of cash flows**  
**For the year ended 31 March 2017**

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	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,863	4,698
<b>Adjustments for:</b>		
Taxation charge	470	4,224
Decrease/(increase) in debtors	1,970	(1,970)
Increase/(decrease) in creditors	512	(497)
Corporation tax paid	(4,224)	(6,833)
<b>Net cash generated from/(used in) operating activities</b>	<b>591</b>	<b>(378)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>591</b>	<b>(378)</b>
Cash and cash equivalents at beginning of year	119	497
<b>Cash and cash equivalents at the end of year</b>	<b>710</b>	<b>119</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	710	119
	<b>710</b>	<b>119</b>

The notes on pages 11 to 15 form part of these financial statements.

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**Carrhae Capital Management (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 March 2017**

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**1. General information**

The Company is a limited liability company incorporated and domiciled in England and Wales. The address of the registered office is 4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS. The principal place of business of the Company is 39 St. James's Street, London, SW1A 1JD.

**2. Accounting policies****2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the director to exercise judgment in applying the Company's accounting policies. Management have not had to exercise a significant degree of judgement or estimation uncertainty in applying the accounting policies.

**2.2 Going concern**

As disclosed in the director's report, the director has a reasonable expectation that the Company will be able to meet its liabilities as they fall due for the foreseeable future, being 12 months from the date of this report. As a consequence, the financial statements are prepared on the going concern basis.

**2.3 Revenue**

Turnover represents discretionary profit allocations from the LLP to the Company and is recognised on an accrual basis when the Company obtains the right to consideration.

**2.4 Expenses**

Expenses are recognised on an accruals basis.

**2.5 Taxation**

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the statement of financial position date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the assets and liabilities crystallise and are not discounted, based on tax rates and laws enacted or substantially enacted at the reporting date.

**2.6 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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**Carrhae Capital Management (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 March 2017**

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**2. Accounting policies (continued)****2.7 Investments**

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs; where the investment is subsequently measured at fair value through profit and loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available. If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

**2.8 Debtors**

Short term debtors are measured at fair value on initial recognition. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

**2.9 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.10 Creditors**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**3. Turnover**

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Profit allocation	2,333	8,922

All turnover arose within the United Kingdom.

**4. Operating profit**

The audit fee for the Company of £7,500 (2016 - £7,500) is borne by Carrhae Capital LLP and was not recharged to the Company. There were no fees payable to the auditor for non-audit services in the year (2016 - £nil).

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**Carrhae Capital Management (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 March 2017**

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**5. Employees**

The Company has no employees other than the director, who did not receive any remuneration (2016: £nil)

The director is remunerated by the LLP. The services he provides as a director of the Company are deemed to be insignificant relative to the service provided to the LLP. Accordingly, no allocation of this overall remuneration has been made to the Company (2016: £nil). Administrative support services were provided to the Company by employees of the LLP. No allocation of costs were made to the Company by employees of the LLP (2016: £nil).

**6. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	470	4,224
<b>Total current tax</b>	<u>470</u>	<u>4,224</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>2,333</u>	<u>8,922</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	467	1,784
<b>Effects of:</b>		
Taxable allocation in excess of accounting allocation	<u>3</u>	<u>2,440</u>
<b>Total tax charge for the year</b>	<u>470</u>	<u>4,224</u>

The Government previously announced its intention to reduce the main corporation tax rate to 19% from 1 April 2017 and then to 17% from 1 April 2020. The announced rate reductions to 17% by 1 April 2020 have been substantively enacted by the Statement of financial position date and have been reflected above where appropriate.

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**Carrhae Capital Management (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 March 2017**

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**7. Investments**

	<i>Unlisted investments £</i>
At 1 April 2016	800,000
At 31 March 2017	<u>800,000</u>

The unlisted investment comprises the Company's 95% (2016: 95%) capital interest in the LLP. The LLP is engaged in the provision of investment management services to overseas investment funds. The Company is a member of the LLP, however the LLP is controlled by A Akay, and hence the LLP is not consolidated into these financial statements.

**8. Debtors**

	<i>2017 £</i>	<i>2016 £</i>
Amounts owed by related undertakings	<u>1</u>	<u>1,971</u>
	<u>1</u>	<u>1,971</u>

**9. Cash and cash equivalents**

	<i>2017 £</i>	<i>2016 £</i>
Cash at bank and in hand	<u>710</u>	<u>119</u>

**10. Creditors: Amounts falling due within one year**

	<i>2017 £</i>	<i>2016 £</i>
Amounts owed to group undertakings	512	-
Corporation tax	<u>470</u>	<u>4,224</u>
	<u>982</u>	<u>4,224</u>



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**Carrhae Capital Management (UK) Limited**

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**Notes to the financial statements  
For the year ended 31 March 2017**

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**11. Share capital**

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
101 (2016: 101) Ordinary shares of £1 each	<u>101</u>	<u>101</u>

**12. Related party transactions**

As at 31 March 2017 Carrhae Capital (Cayman) LP, the immediate parent company, owed the Company £1 (2016 : £1), which is included in debtors.

The Company is a member of Carrhae Capital LLP, a UK Limited Liability Partnership. During the year, the Company received profit allocations of £2,333 (2016 : £8,922) from the LLP. At year end, an amount of £512 was due to the LLP (2016 : £1,970 due from the LLP).

**13. Controlling party**

The Company is wholly owned by Carrhae Capital (Cayman) LP, a company registered in the Cayman Islands.

A Akay is the ultimate controlling party as the sole director and owner of Carrhae Capital (Cayman) LP.