ALQUITY

Alquity UK Limited

Directors' report and consolidated financial statements
For the period ended

30 June 2013

Registered number 07992381

ALQUITY UK LIMITED

CONTENTS

Directors' Report

The directors present their Directors' Report and financial statements for the period ended 30 June 2013

The company was incorporated on 15 March 2012 under the name of W & P Newco (446) Limited and changed its name to Alquity UK Limited on 9 August 2012

Principal Activity

The principal activities of the Alquity UK Limited Group are to provide investment management and broker support services to investment funds

Alquity UK Limited ("AUKL") is the holding company for the Alquity Group, which includes its subsidiaries Alquity Investment Management Limited ("AIML") and Alquity (Asia) Limited ("AAL"), a Hong Kong based subsidiary AIML is a United Kingdom based subsidiary providing investment management and broker support services to the Alquity Africa Fund AIML also provides operational and broker support services to the Smoothed Growth Investments ("SGI") family of funds for which services are invoiced to Alquity Group Limited ("AGL") AIML and AAL incur various costs including staff costs on behalf of AGL

Business review

On the 5th of April and shortly thereafter AUKL issued shares via an EIS fund raising in the UK At the same time AUKL acquired 100% of the share capital of AIML on 5th April 2013 from AGL The proceeds raised from the EIS share issue are to be used to fund the ongoing operations and growth of AIML AIML is the main operating business of the group and so the commentary in these accounts principally refers to AIML

In 2010, when we launched Alquity Investment Management, our aim was to create a socially and environmentally responsible business that would still generate attractive returns At that time, the concept of Responsible Capitalism, a new model of economic growth with goals of targeting poverty reduction, social inclusion and environmental sustainability, had only just reached the discussion agenda of the G20 nations While viewed as a highly desirable goal for politicians, Responsible Capitalism was a long way from entering the mindset of the corporate world In creating a company that aimed to grow equity while practising altruism, we were certainly ahead of the curve

Three years on, Alquity is proving that the Responsible Capitalism concept really is viable In 2012/13 we not only grew our Assets Under Management (AUM) by 192 percent from US$13million to US$38million but we added new distributors and platforms, notably Skandia International, Generali and Oman Insurance We also strengthened our existing relationships with significant international platforms including Allfunds Bank, Friends Provident, Hansard International and Zurich Assurance As I write, we have just past US$50million AUM, a 31% increase in the first 3 months of the year, and the milestone at which we will become a much more investible fund proposition for key investors We have already seen institutions start to take an interest, with a US$3m investment from a Swedish Union Pension Fund in July

In the last 12 months I am particularly proud of the fact that we donated over $110,000 in 2013, an increase of 187% from the year before, and confirming that you can do good whilst doing well

Earlier this year, our former non-executive director Suresh Mistry ventured out of the shadows to manage Alquity's sales and marketing team in the full-time role of Group Sales Director A fund raise with specialist Independent Financial Advisor Truestone Asset Management provided the company with US$1 75million of equity, enabling Suresh to expand Alquity's sales and marketing team to ten Our new recruits include two Hong Kong-based Chinese sales people, bringing our team there to three We are already seeing the benefits of having Cantonese and Mandarin speakers selling the Alquity brand on the ground in Asia

We ran our first fully fledged insight trips showcasing the three pillars on which Alquity is founded attractive returns, sustainable investment and transforming lives Our clients visited companies with stocks held in the Alquity Africa Fund, saw our Environmental, Social and Governance (ESG) programmes at work, and met entrepreneurs who are benefitting from our micro-finance projects

Thanks to initiatives such as Ghana's Banking for the Poor village saving and loans scheme, we have helped to transform the lives of over 7,000 people in the past year Together, the trips generated an additional funds flow of several million dollars More importantly, by developing our insight visits programme, we are building a strong base of Alquity ambassadors with a true understanding of the power of our model

We often talk about our third pillar, of Transforming Lives We are proud of the 10,000-plus lives we have now transformed in Africa, but we believe Transforming Lives should also apply to our customers, through experiences such as insight trips, and our own staff Developing the right staff culture has been extremely important at Alquity Alongside our recent hires we have implemented a strong culture and values programme based around eight core values Entrepreneurship, Fearlessness, Excellence, Integrity, Feedback, Ubunto, Fun and Learning I will share two of my favourite value statements here

Fearlessness – Failure is a stop on the way to success Fear of failure is a dead end,
Feedback – We all give and receive feedback to grow and learn, no one knows everything

Our first year was undeniably tough, corresponding with the slow emergence of businesses from the 2008/9 global financial crisis, the Euro crisis, the tsunami and Fukushima nuclear accident in Japan, and the Arab Spring Many people told me that 2010/11 was the worst period for decades in which to be selling emerging market equity But each year we have grown Indeed, our fund volatility has been markedly lower than the average across the sector, which we attribute to the ESG investment approach we have taken We undoubtedly face more challenges ahead, particularly to convince our brokers that ESG investment processes can mitigate risk and enhance long-term returns, that Africa represents a unique investment opportunity, and that it is possible to do good through your investments without giving up some return However, although these remain core battlegrounds for us, the signs are that we are winning the war

The most important evidence for this is that we have delivered on what we set out to do The Alquity Africa Fund outperformed its key competitors in 2012/13, including the likes of JP Morgan, Investec and DWS (Deutche) We have made good our promise of delivering attractive, sustainable returns while transforming the lives of some of the world's poorest people, and helping to boost the economies in which we invest In the exciting year ahead, we will capitalise on this success by recruiting new fund managers and adding to our fund range This will enable us to achieve more 'bang for our buck' with our distributors, ensuring Alquity grows further to become a fully-fledged investment management business and social enterprise Investors looking beyond Africa will be able to embrace Alquity's model for a new sustainable and responsible capitalism across more of their portfolio

There remains hard work to do, particularly in getting the business to break-even Profit is the oxygen of any Company and no CEO wants to be short of it for too long While our losses to date have been planned, it is important that we progress quickly now, standing on the firm foundations we have built, to reach that profitable goal We face challenges, but with the Responsible Capitalism concept now entering the mainstream, there is wider acceptance that doing good and making a profit need not be mutually exclusive With voices around the world crying out for a fairer, more equitable model of capitalism, and with emerging and frontier markets remaining the world's engine for growth, Alquity remains at the forefront of important global mega-trends

Directors' Report (contınued....)

Financıal Statements

The loss of £438,763 for the perıod ended 30 June 2013 and the state of the company's affaırs at that date are set out ın the financıal statements on pages 7 to 10

Dividend

The dırectors do not recommend the payment of a dıvıdend

Directors

The followıng dırectors have held office ın the perıod

Mr P Robınson	(appoınted 13/09/2012)
Mr S Mıstry	(appoınted 08/04/2013)
Mr J Devıne	(appoınted 08/04/2013)
Mr C Wehbe	(appoınted 08/04/2013)
Mr M Pollard	(appoınted 05/04/2013)
Mr A Summers	(appoınted 15/03/2012 & resıgned 02/04/2013)

Going concern

The current economıc envıronment ıs challengıng and the groups maın operatıng company, AIML, has reported an operatıng loss for the year The company's future performance ın the markets ın whıch ıt operates wıll be ınfluenced by macro-economıc financıal, credıt and lıquıdıty condıtıons whıch are generally outsıde of the company's control The dırectors consıder that the outlook presents some challenges ın terms of new subscrıptıons to the funds and growth ın the value of assets under management The dırectors have ınstıtuted measures to preserve cash and secure addıtıonal finance Whılst these cırcumstances create uncertaıntıes over future tradıng results and cash flows, the shareholders have confirmed theır full support and ıntentıon to contınue to fund the busıness through thıs growth stage

AIML ıssued 125 5 mıllıon ordınary shares of £0 01 each durıng the year, to maıntaın ıts regulatory capıtal requırements The dırectors have consıdered the financıal plan and cash flow projectıons prepared by the management and belıeve that the company wıll lıkely make a loss for the financıal year endıng June 2014 In the short term any change from loss to profit wıll be drıven by performance fees In the meantıme the Group wıll have to ıssue addıtıonal shares to maıntaın ıts regulatory capıtal requırements for the foreseeable future

The dırectors have recognısed that the combınatıon of these cırcumstances represents uncertaınty that could cast doubt upon the company's abılıty to contınue as a goıng concern Nevertheless, after makıng enquırıes and consıderıng the uncertaıntıes descrıbed above, the dırectors have a reasonable expectatıon that the company has adequate resources to contınue ın operatıonal exıstence for the foreseeable future For these reasons, they contınue to adopt the goıng concern basıs ın preparıng the annual financıal statements

The prıncıpal assumptıons made by the dırectors ın determınıng that the goıng concern basıs ıs the correct basıs for the preparatıon of these financıal statements are set out ın Note 1

Further ınformatıon regardıng the financıal posıtıon of the company, ıts cash flows and lıquıdıty posıtıon are descrıbed ın the notes to the financıal statements on pages 11 to 22 In addıtıon notes 15 to 16 to the financıal statements ınclude the company's objectıves, polıcıes and processes for managıng ıts capıtal, ıts financıal rısk management objectıves, detaıls of ıts financıal ınstruments, and ıts exposures to credıt rısk and lıquıdıty rısk

Auditors

Saffery Champness were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

Statement of directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 2006

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the Companies Act 2006 The directors have chosen to prepare financial statements for the company in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs A fair presentation also requires the directors to

- consistently select and apply appropriate accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

Paul Robinson
Director
5th Floor, 9 Kingsway
London WC2B 6XF

Date 6th January 2014

Independent auditors report to the Members of Alquity UK Limited

We have audited the group financial statements (the "financial statements") of Alquity UK Limited for the period ended 30 June 2013 which comprise the consolidated Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Equity and the notes to the financial statements The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the group'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 group's members those matters we are required to state to them in an auditors' 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

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 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 affairs of the group and the parent company as at 30 June 2013 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditors report to the Members of Alquity UK Limited (continued...)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's ability to continue as a going concern The group incurred a net loss of £438,763 during the period ended 30 June 2013 and is reliant on ongoing shareholder support This and other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty that may cast doubt on the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us,
- the parent company financial statements are not in agreement with the accounting records and returns,
- 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

Michael Di Leto (Senior Statutory Auditor)
For and on behalf of Saffery Champness

6th January 2014

Chartered Accountants
Statutory Auditors

Lion House
Red Lion Street
London
WC1R 4GB

Statement of Comprehensive Income for the period ended 30 June 2013

	Notes	*Period ended 30 June 2013* £
Revenue	2	337,646
Other income	2a	366
Total revenue		338,012
Cost of sales		(115,553)
Gross profit		222,459
Staff cost and directors' remuneration	4	(308,564)
Depreciation	8	(4,320)
Administrative expenses		(348,338)
(Loss) before taxation	3	(438,763)
Taxation	5	-
Total comprehensive (loss) for the period		(438,763)

The notes on pages 11 to 22 form part of these financial statements

Consolidated statement of financial position
As at 30 June 2013

	Notes	Group 2013 £	Company 2013 £
ASSETS			
Non-Current assets			
Property, plant and equipment	8	28,218	-
Investment in subsidiary	6	-	8,305,010
Intangible assets	9	7,104,563	-
		7,132,781	8,305,010
Current assets			
Management and performance fee receivables	10	126,298	-
Prepayments and other receivables	11	837,184	160
Investments		2,301	-
Cash and cash equivalents	12	185,370	29,848
		1,151,153	30,008
TOTAL ASSETS		8,283,934	8,335,018
LIABILITIES			
Current Liabilities			
Accrued charges and other payables	13	272,256	8,363
		272,256	8,363
Non-Current Liabilities			
Loan	14	3,726,111	3,726,111
		3,726,111	3,726,111
TOTAL LIABILITIES		3,998,367	3,734,474
NET ASSETS		4,285,567	4,600,544
EQUITY			
Share capital	15(a)	215	215
Share premium	15(b)	4,724,105	4,724,105
Translation reserve		10	-
Retained earnings		(438,763)	(123,776)
TOTAL EQUITY		4,285,567	4,600,544

These financial statements were approved by the board of directors on 6th January 2014 and were signed on behalf by

Paul Robinson
Director

The notes on pages 11 to 22 form part of these financial statements

Consolidated statement of changes in equity for the period ended 30 June 2013

Group	*Note*	Share Capital	Share Premium and other reserves	Retained earnings/ (accumulated losses)	Total
		£	£	£	£
Ordinary share capital introduced	15	160	-	-	160
Preferred ordinary share capital introduced	15	17	1,064,983	-	1,065,000
Preference share capital introduced	15	38	3,749,962	-	3,750,000
Translation reserve	15		10		10
Costs of raising equity finance	15	-	(90,840)	-	(90,840)
Total comprehensive (loss) for the period		-	-	(438,763)	(438,763)
Balance at 30 June 2013	15	215	4,724,115	(438,763)	4,285,567

Company	*Note*	Share Capital	Share Premium and other reserves	Retained earnings/ (accumulated losses)	Total
		£	£	£	£
Ordinary share capital introduced	15	160	-	-	160
Preferred ordinary share capital introduced	15	17	1,064,983	-	1,065,000
Preference share capital introduced	15	38	3,749,962	-	3,750,000
Costs of raising equity finance	15	-	(90,840)	-	(90,840)
Total comprehensive (loss) for the period		-	-	(123,776)	(123,776)
Balance at 30 June 2013	15	215	4,724,105	(123,776)	4,600,544

The notes on pages 11 to 22 form part of these consolidated financial statements

Consolidated cash flow statement
for the period ended 30 June 2013

	Note	Group 2013 £	Company 2013 £
Operating activities			
(Loss) before taxation		(438,763)	(123,776)
Adjustments for			
- Depreciation and amortisation	8,9	4,320	-
- Translation difference		10	-
Operating cash flows before working capital changes		(434,433)	(123,776)
Increase in management and performance fees receivable		(126,298)	-
Increase in prepayments and other receivables		(153,168)	(160)
Increase in accrued charges and other payables		64,217	8,363
Net debt acquired from purchase of subsidiary		(109,624)	-
Net cash (outflow) from operating activities		(759,306)	(115,573)
Investing activities			
Purchase of fixed assets		(5,755)	-
Subscription of new shares in subsidiary company		-	(805,010)
Net cash used in investing activities		(5,755)	(805,010)
Cash from financing activities			
Net proceeds from issue of ordinary shares		160	160
Proceeds from issue of preferred ordinary shares		1,065,000	1,065,000
Costs of raising equity finance		(90,840)	(90,840)
Loan repayments		(23,889)	(23,889)
Net cash from financing activities		950,431	950,431
Net increase/(decrease) in cash and cash equivalents		185,370	29,848

The notes on pages 11 to 22 form part of these consolidated financial statements

Notes to the consolidated financial statements

1 Accounting policies

Alquity UK Limited (the "company") is a company incorporated and domiciled in the UK

The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

The following Adopted IFRSs were available for early application but have not been applied by the company in these financial statements Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated

Endorsed and available for early adoption but not applicable

- IFRS 9 - Financial Instruments (effective beginning on or after 1 January 2015)
- IFRS 12 - Disclosure of interests in Other Entities (effective beginning on or after 1 January 2014)
- IFRIC Interpretation 21 - Levies (effective beginning on or after 1 January 2014)

Measurement convention

The financial statements are prepared on the historical cost basis

Basis of preparation - going concern

The directors of the group assess the basis of preparation of the financial statements each year, and whether it is appropriate to prepare them on a going concern basis In doing so, they assess the financial plan and cash flow projections for the group The following represent key aspects of the financial plan

- The business is currently loss making It is the directors' expectation that this will continue for a period of time, certainly likely to be through the next accounting year until significant funds are subscribed by investors in the Alquity Africa Funds

- The shareholders have confirmed that it is their intention to support the business long term Directors have prepared forecasts for next 12 months and the directors do not anticipate the loss will exceed $1 5m The shareholders have the ability and intention to support the business at this level However, there can be no certainty in such matters

Based on the above, the directors believe that the group will have sufficient cash reserves and working capital to meet its on-going requirements for at least 12 months from the date of approval of the financial statements

Notes to the consolidated financial statements

1 **Accounting policies (Continued)**

However, as with any loss making company, the directors of the company have recognised that the above factors represent material uncertainties, which may cast doubt on the ability of the company to continue as a going concern Nevertheless, having considered the matters described above, the directors have a reasonable expectation that the company will be able to meet its liabilities as they fall due for the foreseeable future and consider it appropriate to prepare the financial statements on a going concern basis These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate

Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are revalued to the functional currency at the foreign exchange rate ruling at that date Foreign exchange differences arising on revaluation are recognised in the income statement

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

Prepayment, deposits and other receivables

Prepayment, deposits and other receivables are recognised at cost

Accrued charges and other payables

Accrued charges and other payables are recognised at cost

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits Bank overdrafts that are repayable on demand are also included as a component of cash and cash equivalents for the presentation of the Statement of Cash Flows

Goodwill

Goodwill is reviewed for impairment annually and any charge arising in this respect is expensed in the statement of comprehensive income

Tangible/intangible fixed assets

Tangible/intangible fixed assets are stated at cost less depreciation/amortisation Depreciation/amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer and office equipment	50% straight line
Leasehold improvements	20% straight line
Intangible website & software development	50% straight line

Notes to the consolidated financial statements

Revenue

Revenue from Aquity Group Ltd, the previous parent company, comprised recharges of costs incurred in providing sales and marketing services Following the sale of the Company to Alquity (UK) Ltd, revenue from Alquity Group Ltd comprises fees for sales, marketing and operational support services

based on net fees it receives from Investment Funds it manages Revenue from Alquity Sicav comprises fees for distribution and investment management services Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business excluding VAT

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax The tax currently payable is based on taxable profit for the period Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes The deferred tax balance has not been discounted

Basis of consolidation

Subsidiaries are entities controlled by the group Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefit from its activities The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

Intra-group balances and transactions, and any unrealised gains/losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements

Notes to the consolidated financial statements

2 Revenue

Geographical breakdown

	Period ended 30 June 2013 £
Cayman Islands	75,091
Luxembourg	262,555
	337,646

Business breakdown

	Period ended 30 June 2013 £
Marketing Services to Alquity Group Limited	75,091
Marketing and investment management services	262,555
	337,646

2a Other income

	Period ended 30 June 2013 £
Miscellaneous	366
	366

3 Loss before taxation

	Period ended 30 June 2013 £
The loss before tax is arrived at after charging the following	
Rental expenses	28,103
25% donation on Africa Fund income	31,240
Exchange loss	709
Auditors' remuneration	
- audit of these financial statements	2,789
- in respect of taxation services	837

Notes to the consolidated financial statements

4 Staff costs and directors remuneration

The Group has five directors and sixteen staff (average of sixteen for the period from April 2013) as at 30 June 2013 The aggregate payroll costs of these persons were as follows

	Period ended 30 June 2013
	£
Directors' emoluments	
- Wages and salaries	29,500
- Social security costs	3,185
	32,685
Staff wages and salaries	247,274
Staff social security costs	28,605
	308,564

5 Taxation

(a) ***Taxation in the consolidated income statement represents:***

	2013
	£
Current tax expense	
Taxation	-

(b) ***Reconciliation between tax and accounting loss at applicable tax rates:***

	2013
	£
Loss before taxation	(438,763)
Notional tax on loss before tax, calculated at the rates applicable to profits in the countries concerned	(87,753)
Tax effect of non-deductible expenses	40,793
Effect of timing differences	2,006
Unused tax losses not recognised	44,954
Actual tax charge	-

Notes to the consolidated financial statements

6 Investments

	Period ended 30 June 2013 £
Investment in subsidiary - additions	8,305,010

Subsidiary undertaking	Country of registration	% Ordinary shares held	Principal activity
Alquity Investment Management Limited	United Kingdom	100%	Marketing services
Alquity Asia Limited	Hong Kong	100%*	Marketing services

* Alquity Asia is a 100% owned subsidiary of Alquity Investment Management Limited

See note 7 for details regarding the acquisition of the subsidiary during the year

7 Acquisition of subsidiary

On the 5 April 2013, a 100% interest in Alquity Investment Management Limited was acquired by Alquity UK Limited for consideration of £7,500,000 Consideration was in the form of preference share capital and loan notes in equal proportions The acquisition occurred to facilitate investment in the operations of the new combined group

The loss after taxation of Alquity Investment Management Limited for its previous financial year and up to the date of acquisition was as follows

	£
1st July 2012 to the date of acquisition	335,805
Financial year ended 30 June 2012	530,084

Notes to the consolidated financial statements

The table below explains the adjustments made to the book values of the major categories of assets and liabilities acquired in arriving at fair values

	Book Value £	*Fair value to Group* £	*Fair value at date of acquisition* £
Property, plant & equipment	26,784	26,784	26,784
Investments	2,301	2,301	2,301
Debtors	684,017	684,017	684,017
Cash at bank	89,843	89,843	89,843
Creditors	(208,041)	(208,041)	(208,041)
Loans	(199,467)	(199,467)	(199,467)
Total assets	395,437	395,437	395,437
Consideration			7,500,000
Less fair value of assets acquired			(395,437)
Goodwill on acquisition			7,104,563

The acquisition related costs are included within administrative expenses in the Statement of Comprehensive income and total £123,795

All revenue recorded in the consolidated Statement of Comprehensive Income relates to acquired subsidiaries Acquired subsidiaries loss for the period since acquisition and included within the consolidated Statement of Comprehensive Income amounts to £314,987

8 Property, plant and equipment

	Leasehold improvements	*Office equipment*	*Fixtures and fittings*	*Total*
Cost:	£	£	£	£
On acquisition	51,100	47,372	21,945	120,417
Additions	-	5,755	-	5,755
As at 30 June 2013	51,100	53,127	21,945	126,172
Accumulated depreciation:				
On acquisition	27,629	44,060	21,945	93,634
Charge for the period	2,347	1,973	-	4,320
As at 30 June 2013	29,976	46,033	21,945	97,954
Net Book Value				
At 30 June 2013	21,124	7,094	-	28,218

Notes to the consolidated financial statements

9 Intangible fixed assets

Group

	Goodwill £	*Total* £
Cost		
Additions	7,104,563	7,104,563
At 30 June 2013	7,104,563	7,104,563
Amortisation		
Charge for the period	-	-
At 30 June 2013	-	-
Net book value		
At 30 June 2013	7,104,563	7,104,563

Goodwill represents the excess consideration over the fair value of the investment in subsidiaries after consolidation journals

In the opinion of the directors, there has been no indication of impairment in the year

10 Management and performance fee receivables

All management and performance fee receivables are expected to be recovered within one year

11 Prepayments, deposits and other receivables

	Group Period ended 30 June 2013 £	*Company Period ended 30 June 2013* £
Deposits	600	
Debtors	134,049	
VAT receivable	36,282	
Loans receivable	539,015	
Prepayments and others receivables	127,238	160
	837,184	160

Included within Group prepayments, deposits and other receivables is £526,417, which is expected to be recovered in more than 12 months

Notes to the consolidated financial statements

12 Cash and cash equivalents

The amount dısclosed on the cash flow statement ın respect of cash and cash equıvalents are ın respect of these balance sheet amounts

	Group Perıod ended 30 June 2013 £	*Company Perıod ended 30 June 2013* £
Cash and cash equıvalents per balance sheet and cash flow statement	185,370	29,848

13 Accrued charges and other payables

	Group Perıod ended 30 June 2013 £	*Company Perıod ended 30 June 2013* £
Trade Credıtors	130,517	-
Deferred Income	3,012	-
Accruals	107,976	8,363
PAYE	30,751	-
	272,256	8,363

14 Loans

	Group Perıod ended 30 June 2013 £	*Company Perıod ended 30 June 2013* £
Loans payable after more than one year	3,726,111	3,726,111

An unsecured loan note for £3,750,000 was ıssued on 5th Aprıl 2013 to Alquıty Group Lımıted as part of the consıderatıon for the acquısıtıon of Alquıty Investment Management Lımıted The loan ıs subordınated and ınterest free Repayment ıs ı) ın tranches, not to exceed £100,000 ın any twelve month perıod and, ın addıtıon, ıı) by repayment of funds advanced to the Company by the Lender by way of a workıng capıtal facılıty between 20th November 2012 and the 5th Aprıl 2013 such sum not to exceed £200,000 ın total Repayments wıll be determıned by the Board

The loan ıs repayable ın full eıther upon the sale of the entıre share capıtal of the Company for full value on an arms-length basıs, or a flotatıon of the Company on a recognısed stock exchange

Notes to the consolidated financial statements

15 Capital and reserves

Reconciliation of movement in capital and reserves

Group	*Share Capital* £	*Share Premium* £	*Exchange Reserve* £	*Retained Losses* £	*Total* £
Shares issued in the year	215	4,814,945	-	-	4,815,160
Exchange variance	-	-	10	-	10
Costs of raising equity finance	-	(90,840)	-	-	(90,840)
Loss for the year	-	-	-	(438,763)	(438,763)
Balance at 30 June 2013	215	4,724,105	10	(438,763)	4,285,567

Company	*Share Capital* £	*Share Premium* £	*Retained Losses* £	*Total* £
Shares issued in the year	215	4,814,945	-	4,815,160
Costs of raising equity finance	-	(90,840)	-	(90,840)
Loss for the year	-	-	(123,776)	(123,776)
Balance at 30 June 2013	215	4,724,105	(123,776)	4,600,544

Shares issued in the period were

- 16,000,000 Ordinary shares at a nominal value of £0 00001 per share for £160
- 1,733,175 preferred ordinary shares at a nominal value of £0 00001 per share for £1,065,000
- 3,750,000 preference shares at a nominal value of £0 00001 per share for £3,750,000

(a) Share capital

	Period ended 30 June 2013 £
Issued and fully paid	
16,000,000 ordinary shares of £0 00001 each	160
1,733,175 preferred ordinary shares of £0 00001 each	17
3,750,000 preference shares of £0 00001 each	38
	215

The holders of ordinary shares and preferred ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company All ordinary shares rank equally with regard to the company's residual assets Preference shares are zero coupon shares

(b) Capital management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost As the company is part of a larger group, the company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives

The company defines "capital" as including all components of equity Accordingly, the capital balance as at 30 June 2013 is £4,285,567

The company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the company belongs

Adjustments are made to the capital structure in light of changes in economic conditions affecting the company or the group, to the extent that these do not conflict with the directors' fiduciary duties towards the company

In addition, as AIML is a licensed corporation registered under the Financial Conduct Authority ("the FCA") in the UK, AIML is also subject to a minimum capital requirement of £50,000 The company monitors its compliance with the requirement on a daily basis

The company complied with the requirement at all times during the period

During the current financial year, the company's strategy, which was unchanged from last year, was to maintain a higher capital level than regulatory requirement of the FCA The company reviews its capital adequacy and structure regularly to ensure regulatory capital requirements are met, adequate funds are available to support business operation and growth, and excess capital is distributed to its holding company

16 Financial risk management

Exposure to credit, liquidity, interest rate and foreign currency risk arises in the normal course of the business These risks are limited by the Group's financial management policies and practices described below

(a) Credit risk

The Group provides sales, marketing and operational services to the Alquity Africa Fund and also funds managed by what was the immediate holding company, a company under common control Receivables are mainly from these companies Hence, the exposure to credit risk is not considered to be significant as the companies (including the former immediate holding company) are all owned ultimately by the same shareholder No amounts receivable are past due or impaired

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term

Notes to the consolidated financial statements

The maturity profile of the company's financial liabilities as at the balance sheet date, based on the contracted undiscounted payment, was as follows

	Period ended 30 June 2013			
	Carrying amount £	*On demand* £	*Less than 1 year* £	*More than 1 year* £
Accrued charges and other payables	272,256	-	272,256	-
Loans	3,726,111	-	100,000	3,626,111
	3,998,367	-	372,256	3,626,111

(c) Interest rate risk

The Group's cash and cash equivalents are primarily invested at short-term market interest rates Consequently, changes in interest rates would have insignificant impact on the company's losses and retained losses

(d) Foreign currency risk

As the Group's cash at bank, other receivables and payables are denominated in British Pounds Sterling, changes in foreign currency rates should have minimal impact on the company's losses and retained losses

17 Related Parties

The Group considers transactions with its senior management as related party transactions Senior management are considered to be directors of Alquity UK Limited who manage the main operating activities of the Group Except for the emoluments disclosed in note 4, there are no transactions, arrangements and agreements made for persons who were directors of Alquity UK Limited during the year

The company has entered into the following transactions with related parties during the year

a) The Group received fee income of £75,091 from Alquity Group Limited, as a company under common control There is a £79,392 outstanding balance as at 30 June 2013 The company also has a loan balance due from Alquity Group Limited of £539,015 at 30 June 2013 No interest is charged on this loan
b) Included in non-current liabilities is a loan £3,726,111 from Alquity Group Limited, a company under common control See note 14 for further details
c) The Group received fee income of £262,555 from the Alquity Africa Fund and there is a balance outstanding at 30 June 2013 of £126,298

18 Control

The immediate and ultimate controlling party is considered to be Paul Robinson