Company Registration No. 07992381 (England and Wales)

Alquity UK Limited

Annual report and group financial statements for the year ended 30 June 2021

Alquity UK Limited

Company information

Directors	Jane Nicholls Paul Robinson Neil Sandy
Secretary	Paul Robinson
Company number	07992381
Registered office	3rd Floor 9 Kingsway London WC2B 6XF
Independent auditor	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

Alquity UK Limited

Contents

The directors present the strategic report for the year ended 30 June 2021.

Review of the business

Alquity UK Limited ('AUK') is the holding company for the Alquity Group, which includes its subsidiaries Alquity Investment Management Limited ('AIML') and Alquity Asia Limited ('AAL')

Alquity Investment Management Limited ('Alquity') is an asset management business that connects investors to their investments and social progress in order to deliver better financial outcomes for all.

It is Alquity's profound belief that every person on the planet deserves the opportunity to succeed and therefore Alquity is committed to building a world leading responsible asset management business focussed on transforming how people invest to create a better, fairer world for all.

'How we deploy our capital shapes our societies': Alquity believes that the investing world needs asset managers who will help solve the greenwashing problem and help re-allocate capital towards a sustainable future. It also believes that the evolution of Environmental, Social and Governance ('ESG') and Impact investing requires a holistic approach (combining ESG with Impact) including a quantitative approach to facilitate large-scale strategies and impact. Alquity is committed to leading the investment community in this respect.

The funds managed by Alquity target attractive returns, defined as performance in the top quartile of our peer group over the medium to long-term (3-5 years), via a high conviction, fundamentally driven process. This approach emphasises not only macro analysis and financial valuation but also ESG factors to assess management quality, operational excellence and firm values. This results in "quality growth" focused portfolios that monetise long-term themes via transparent companies, with effective management who are aligned with all stakeholders.

The funds managed by Alquity are therefore responsible by construction, targeting consistent outperformance whilst contributing to long-term development. This philosophy resonates across the broader business; we encourage fund manager engagement and are happy to share our analysis. Our fund managers actively engage with companies on material ESG issues incorporating our Key Progress Indicators ('KPIs') which drive behaviours supporting the principles enshrined in the UN Global Compact.

Further, we recognise that responsible investment alone is insufficient to engender social progress. Therefore, at the corporate level we donate a minimum of 10% of our fee revenue to development projects in the regions in which we invest. By contributing to long-term sustainable economic development, we create more opportunities for our companies to succeed, closing the Alquity virtuous circle. In this way, our business aligns the incentives and values of investors, employees, holdings and communities. We believe these shared investment values are key to achieving enduring financial success and sustainable social progress.

Alquity ensures there is an alignment of interest predominantly through long-term incentives and remuneration of fund managers connected to the performance of the fund. Team members who drive the growth of Alquity and live our values have the opportunity to join the Alquity Enterprise Management Incentive ('EMI') Scheme, which is a UK HMRC approved options scheme.

Alquity is responsible for the sales of the funds it manages. Alquity sales team has historically been based out of the London office. We also work with a global network of brokers and distributors to market the funds in the Middle East, Africa, Asia, Latin America and Europe. In the retail market our main distribution channel is through platforms for regular savers, lump sum and pension investors. We have passed their rigorous due diligence due to our gold-standard operational architecture, unique business model and product offering.

Assets under Management

For the year to 30 June 2021, the assets under management ('AUMs') went from c.US$97m on 1 July 2020 to c.US$132m on 30 June 2021, through a combination of strong performance and net inflows. The year has been challenging with Covid-19 restrictions and the sales team prevented from having face to face meetings. The last three months have show net positive inflow of AUM, showing early signs of sustainable uptick in net flows.

Achievements during the year

- Launched the Global Impact Fund in February, to complement our core Emerging Market ESG strategies: Future World, Asia, India and Africa.

- The investment performance of the Emerging Markets sub-funds has benefited from the enhanced portfolio construction work Uy leading to stronger, and more consistent returns. This gives us a firmer platform upon which to continue growing the AUMs.

- We have entered into a strategic partnership with East Capital and, in that context, delivered a Luxembourg manco, administration and custody platform migration on July 1st 2021, thereby completing a key strategic objective for the business. Alongside this achievement is the cementing of the partnership with East Capital Group, which we seek to enhance going forward.

- Future World, Asia and India have all achieved 1st quartile peer performance over the last year. In the case of India, longer-term peer performance is also top quartile, while near-term performance is closer to top decile – and sometimes better. Our new Global Impact Fund has started strongly as well, with solid 2nd quartile performance over the past 6 months, outperforming the broad index and significantly outperforming the MSCI Sustainability and Impact index since launch.

- We have continued to fund our Transforming Lives programs supporting the poorest people in the communities in which we invest to enter into Sustainable Livelihoods. During the year we delivered on our 40/40 Campaign, which saw us deliver increased donation and focus on supporting the impact of Covid on our lest cohort of Award winners. For example we supported the build out of a web based online shop for Global Mammas which allowed their cohort of 300+ women to continue to sell their products at a time when physical market gatherings were not possible due to Covid lockdowns. We have now donated over $2.3m and transformed more than 65,000 lives.

Outlook

The year to 30th June 2021 continues to be a challenging one for Alquity, however, the seeds that were planted are showing signs of green shoots:
Opportunities lie ahead to continue to grow AUMs and to continue to contribute to creating a fairer and more sustainable world since "the way we invest shapes our society":

- Some of the larger UK investment platforms holding our strategies are continuing to seek ESG integration and Impact investing products. With the stronger performance of the sub-funds, they are starting to feed more flows into our funds.

- The sales team is gaining traction with new prospects in the UK, Europe and Canada.

- In Europe, fund platforms are increasingly focused on article 8 and article 9 strategies, following the EU's Sustainable Finance Disclosure Regime (SFDR) implementation earlier this year. This places Alquity funds at a distinct advantage over many of our industry peers as all of our strategies have attained one of the above-mentioned designations.

- We continue to develop and improve our unique ESG and Impact approach and products to ensure that Alquity continues to lead on this front in the asset management world. The SFDR were designed to fight greenwashing by forcing a uniform set of reporting standards. This is more ambitious than anything agreed elsewhere in the World but it is not yet enough. We believe that increased transparency will make Alquity a key player in the industry since we have been doing ESG and Impact investments exclusively since our formation in 2010.

Principal risks and uncertainties

Exposure to credit, liquidity, interest rate and foreign currency risk arises in the normal course of the company's business.

Credit risk

The company provides sales, marketing and operational services to the Alquity Fund and also funds managed by what was the immediate holding company, a company under common control. Receivables are mainly from this source. 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.

Liquidity risk

The company'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.

Interest rate risk

The company'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.

Foreign currency risk

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

COVID-19 risk

Since the start of the COVID-19 pandemic in January 2020, there have been approximately 180 million cases worldwide, as of June 2021. There is still a great amount of uncertainty surrounding the virus, with record number of cases being recorded in numerous regions. Additionally, the emergence of COVID-19 variants have had far reaching consequences, with announcements of further lockdowns and travel restrictions to curb their spread. While the final fiscal ramifications of the pandemic are still unknown, there have been many advances made to curb and control outbreaks, which has meant that many jurisdictions are able to proceed with their "phased returns" to ease lockdowns and reopen their economies.

All service providers have enacted their respective business continuity plans and the Board of Directors will continue to monitor this situation closely. There have been no significant operational issues affecting the company, or its main service providers since the COVID-19 pandemic began.

On behalf of the board

Paul Robinson
Director
30 March 2022

The directors present their annual report and financial statements for the year ended 30 June 2021.

Principal activities

The principal activity of the group continued to be that of the provision of sales and marketing services for Alquity Group Limited and the provision of investment management and distribution services to the Alquity SICAV, specifically its Alquity fund.

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Jane Nicholls
Paul Robinson
Neil Sandy

Auditor

Saffery Champness LLP have expressed their willingness to continue in office and a resolution proposing that they be re-appointed will be put at the next general meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the 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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

Paul Robinson
30 March 2022

Independent auditor's report
To the members of Alquity UK Limited

Opinion

We have audited the financial statements of Alquity UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the group statement of comprehensive income, the group statement of financial position, the group statement of changes in equity, the group statement of cash flows and the group notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We draw attention to note 1.2 in the financial statements, which describes the impact of the Coronavirus pandemic on the results and financial position of the company. Note 1.2 discloses that the pandemic represents a material uncertainty to the future of the business which may significantly alter the company's financial performance from that projected in its financial plan and cashflow projections. In addition, a significant proportion of the company's revenue is linked to fund performance in emerging markets which creates uncertainty in this process. Note 1.2 also refers to the additional support available to the company which has enabled the directors to conclude that it is appropriate to prepare financial statements on a going concern basis. It is uncertain as to how long current conditions will continue and how long such additional support will be required and available. As stated in note 1.2, these events or conditions indicate that uncertainty exists that may cast doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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
- 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 group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' r eport.

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; or
- the parent company 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.

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 parent 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 parent 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 group and parent company 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.

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

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors and by updating our understanding of the sector in which the group and parent company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, UK Tax legislation and The Financial Services and Markets Act 2000, on which The Financial Conduct Authority (FCA) Handbook is based.

Audit response to risks identified
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

The company is regulated by the FCA. We discussed the company's authorisation and permitted activities with the SMF16 and obtained evidence of this from the FCA register. We obtained additional evidence about compliance by discussing any breaches with the SMF16 and SMF17 and reviewing correspondence with the FCA.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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 parent 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 parent 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 parent company and the parent company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Davies (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

31 March 2022

Chartered Accountants
Statutory Auditor

St Catherine's Court
Berkeley Place
Clifton
Bristol
BS8 1BQ

Alquity UK Limited

Group statement of comprehensive income
For the year ended 30 June 2021

	Notes	2021 £	2020 £
Revenue	4	873,378	2,059,949
Cost of sales		(275,172)	(403,654)
Gross profit		598,206	1,656,295
Other operating income		124,261	21,974
Administrative expenses		(1,820,952)	(2,704,244)
Operating loss	5	(1,098,485)	(1,025,975)
Investment revenues		70	-
Finance costs	9	(167,761)	(106,433)
Other gains and losses	10	(612,000)	-
Loss before taxation		(1,878,176)	(1,132,408)
Income tax expense	11	-	-
Loss and total comprehensive income for the year		(1,878,176)	(1,132,408)

There are no recognised gains or losses other than those included in the consolidated statement of comprehensvie income.

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

Alquity UK Limited

Group statement of financial position
As at 30 June 2021

	Notes	2021 £	2020 £
Non-current assets			
Intangible Assets	**14**	7,104,563	7,104,563
Property, plant and equipment	**15**	99,318	226,804
Deferred tax asset	**22**	384,965	384,965
		7,588,846	7,716,332
Current assets			
Trade and other receivables	**16**	858,180	1,022,689
Cash and cash equivalents		614,610	101,959
		1,472,790	1,124,648
Current liabilities			
Trade and other payables	**17**	1,167,544	945,578
Lease liabilities	**19**	-	187,327
		1,167,544	1,132,905
Net current assets/(liabilities)		305,246	(8,257)
Non-current liabilities			
Trade and other payables	**18**	-	55,128
Borrowings	**20**	2,222,886	3,977,176
Convertible loan notes	**21**	3,823,575	-
		6,046,461	4,032,304
Net assets		1,847,631	3,675,771
Equity			
Called up share capital	**24**	214	193
Share premium account		5,353,060	5,303,045
Retained earnings		(3,505,643)	(1,627,467)
Total equity		1,847,631	3,675,771

The financial statements were approved by the board of directors and authorised for issue on 30 March 2022 and are signed on its behalf by:

Paul Robinson
Director

Company Registration No. 07992381

Alquity UK Limited

Company statement of financial position
As at 30 June 2021

	Notes	2021 £	2020 £
Non-current assets			
Investments	**12**	8,367,000	8,000,001
Current assets			
Trade and other receivables		182	165
Cash and cash equivalents		50,546	4,798
		50,728	4,963
Current liabilities			
Trade and other payables	**17**	3,263,281	1,501,446
Net current liabilities		(3,212,553)	(1,496,483)
Non-current liabilities			
Borrowings	**20**	2,222,886	3,977,176
Convertible loan notes	**21**	3,823,575	-
		6,046,461	3,977,176
Net (liabilities)/assets		(892,014)	2,526,342
Equity			
Called up share capital	**24**	214	193
Share premium account		5,353,060	5,303,045
Retained earnings		(6,245,288)	(2,776,896)
Total equity		(892,014)	2,526,342

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £3,468,392 (2020 - £2,437,887).

The financial statements were approved by the board of directors and authorised for issue on 30 March 2022 and are signed on its behalf by:

Paul Robinson
Director

Company Registration No. 07992381

Group statement of changes in equity
For the year ended 30 June 2021

	Notes	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
Balance at 1 July 2019		190	5,303,045	(495,059)	4,808,176
Year ended 30 June 2020:					
Loss and total comprehensive income for the year		-	-	(1,132,408)	(1,132,408)
Issue of share capital	**24**	9	-	-	9
Redemption of shares	**24**	(6)	-	-	(6)
Balance at 30 June 2020		193	5,303,045	(1,627,467)	3,675,771
Year ended 30 June 2021:					
Loss and total comprehensive income for the year		-	-	(1,878,176)	(1,878,176)
Issue of share capital	**24**	21	50,015	-	50,036
Balance at 30 June 2021		214	5,353,060	(3,505,643)	1,847,631

Alquity UK Limited

Company statement of changes in equity
For the year ended 30 June 2021

	Notes	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
Balance at 1 July 2019		190	5,303,045	(339,009)	4,964,226
Year ended 30 June 2020:					
Loss and total comprehensive income for the year		-	-	(2,437,887)	(2,437,887)
Issue of share capital		9	-	-	9
Redemption of shares		(6)	-	-	(6)
Balance at 30 June 2020		193	5,303,045	(2,776,896)	2,526,342
Year ended 30 June 2021:					
Loss and total comprehensive income for the year		-	-	(3,468,392)	(3,468,392)
Issue of share capital		21	50,015	-	50,036
Balance at 30 June 2021		214	5,353,060	(6,245,288)	(892,014)

Alquity UK Limited

Group statement of cash flows
For the year ended 30 June 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**31**		(630,402)		204,562
Interest paid			(14,416)		-
Net cash (outflow)/inflow from operating activities			(644,818)		204,562
Investing activities					
Purchase of property, plant and equipment		(9,249)		(289,296)	
Interest received		70		-	
Net cash used in investing activities			(9,179)		(289,296)
Financing activities					
Proceeds from issue of shares		50,036		3	
Issue of convertible loans		3,060,000		-	
Repayment of borrowings		(1,756,061)		(365)	
Payment of lease liabilities		(187,327)		-	
Net cash generated from/(used in) financing activities			1,166,648		(362)
Net increase/(decrease) in cash and cash equivalents			512,651		(85,096)
Cash and cash equivalents at beginning of year			101,959		187,055
Cash and cash equivalents at end of year			614,610		101,959

Alquity UK Limited

Company statement of cash flows
For the year ended 30 June 2021

			2021		2020
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash generated from operations	**32**		1,751,703		452,387
Net cash inflow from operating activities			1,751,703		452,387
Investing activities					
Subscription of new shares in subsidiary company		(3,060,001)		(351,867)	
Impairment charge		-		-	
Interest received		70		-	
Net cash used in investing activities			(3,059,931)		(351,867)
Financing activities					
Proceeds from issue of shares		50,036		3	
Issue of convertible loans		3,060,000		-	
Repayment of borrowings		(1,756,060)		(100,523)	
Net cash generated from/(used in) financing activities			1,353,976		(100,520)
Net increase in cash and cash equivalents			45,748		-
Cash and cash equivalents at beginning of year			4,798		4,798
Cash and cash equivalents at end of year			50,546		4,798

1 Accounting policies

Company information

Alquity UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 9 Kingsway, London, WC2B 6XF. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of Alquity UK Limited and all of its subsidiaries.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £. The principal accounting policies adopted are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

1.2 Going concern

At the time of approval of the financial statements, the directors recognise that the ongoing Coronavirus pandemic represents a material uncertainty to the future of the business which may significantly alter the company's financial performance from that projected in its financial plan and cash flows and therefore may cast doubt on the ability of the company to continue as a going concern.

In particular, a significant proportion of the company's revenue is linked to the performance of funds in emerging markets which are inherently volatile, creating some uncertainty in the forecasting process. During the year, this has resulted in a loss totalling £1,266,176 (2020: £1,132,408).

Nevertheless, having prepared forecasts looking ahead 12 months to consider both the resources needed, and the support available to the company from the controlling party, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Revenue

Revenue across the group is recognised in line with the requirements of IFRS 15 as contractual performance obligations are satisfied, as noted below by revenue stream. Revenue is measured at the fair value of the consideration received adjusted for clawbacks, allowance for impairment, discounts, rebates, and other sales taxes or duty.

Initial Fee income

Fees are recognised as earned at the point when financial advice is provided.

1 Accounting policies (continued)

Ongoing Fee income

Fees are recognised as and when fees from the management of investments are earned.

Investment management

Revenue is recognised as gross earned for the value of FUM held within the month.

Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

1.4 Goodwill

Goodwill represents the excess consideration over the fair value of the investment in subsidiaries. Goodwill is annually reviewed for impairment by management.

1.5 Intangible assets other than goodwill

Computer software

Acquired computer software is initially measured at cost and subsequently measured at cost or valuation, net of amortisation and any impairment losses. The software has a useful economic life of 2 years.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Right of use asset	Life of the lease
Leasehold improvements	5 years
Fixtures and fittings	2 years
Computers	2 years

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 recognised in the statement of comprehensive income.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible 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).

1 Accounting policies (continued)

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Fixed asset investments

Interests in subsidiaries 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.

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

1 Accounting policies (continued)

1.10 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are initially recorded at fair value plus transaction costs.

There are three primary measurement categories for financial assets being:
a) Amortised cost;
b) Fair value through other comprehensive income (FVOCI); and
c) Fair value through profit or loss (FVTPL)

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fail value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Amortised cost are measured using the effective interest method. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1 Accounting policies (continued)

1.11 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or ' other financial liabilities'.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

1.12 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

Derivatives embedded in other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

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 inventories or non-current 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 group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered the service entitling them to the contributions.

1.17 Leases

At inception, the group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

1 Accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the group's estimate of the amount expected to be payable under a residual value guarantee; or the group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.18 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the consolidated statement of comprehensive income for the period.

1 Accounting policies (continued)

1.20 Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary entities. A subsidiary is defined as an entity over which the company has control. Control is achieved when the company has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affects its returns.

Consolidation of a subsidiary begins when the company obtains control and ceases when control is lost. The company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three control elements listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with the group's accounting policies.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the group and have an effect on the current period or a prior period or may have an effect on future periods:

Amendments to IAS 1 and IAS 8: Definition of Material	The amendments clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. This has not had a material impact on these financial statements

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted under the Companies Act 2006):

Effect for periods commencing 1 January 2022

Annual improvements 2018-2020 cycle

Effective for periods commencing 1 January 2023

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes).	Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

2 Adoption of new and revised standards and changes in accounting policies (continued)

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)	Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

The directors are evaluating the impact that these standards will have on the financial statements of Company.

3 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.

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Share based payments

Share options were held by employees as at 30 June 2021 (see note 24 for further information on these). As the company is not listed there is not readily available information with regards to the value of the company's shares and as such inputs have had to be based on other similar companies that are listed as well as a number of estimates based on historic information.

As at 30 June 2021, no option charge has been recognised in the financial statements as this was not considered by the directors to be material.

4 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Investment management services	873,378	2,059,949

4 Revenue (continued)

	2021	2020
	£	£
Geographical breakdown		
Cayman Islands	119,482	123,105
Luxembourg	753,896	1,643,030
United Kingdom	-	24,999
United States of America	-	268,815
	873,378	2,059,949

5 Operating profit

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	7,138	6,265
Government grants	(42,961)	-
Depreciation of property, plant and equipment	136,735	166,151
Amortisation of intangible assets	-	2,864
Charitable donation on SICAV income	86,582	168,280

Government grants were received in relation to the Coronavirus Job Retention Scheme provided by the UK Government.

6 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company's subsidiaries	20,000	20,000
For other services		
Tax services	5,000	5,000

7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2021 Number	2020 Number
	15	17

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,010,227	1,580,374
Social security costs	100,322	159,565
Pension costs	58,105	63,148
	1,168,654	1,803,087

8 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	263,819	419,982

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	168,750	267,990

9 Finance costs

	2021	2020
	£	£
Interest on lease liabilities	1,899	6,275
Other interest payable	165,862	100,158
Total interest expense	167,761	106,433

10 Other gains and losses

	2021	2020
	£	£
Change in the value of convertible loan notes	(612,000)	-

11 Income tax expense

	2021	2020
	£	£

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	£	£
Profit before taxation	(1,878,176)	(1,132,408)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(356,853)	(215,158)
Effect of expenses not deductible in determining taxable profit	4,095	1,489
Unutilised tax losses carried forward	351,069	223,508
Permanent capital allowances in excess of depreciation	1,689	(2,198)
Depreciation and amortisation	-	7,886
Short-term timing differences	-	(11,500)
Current year tax losses arising and carried fwd	-	(4,027)
Taxation charge for the year	-	-

12 Investments

Company	**Current**		**Non-current**	
	2021	**2020**	**2021**	**2020**
	£	£	£	£
Investments in subsidiaries	-	-	8,367,000	8,000,001

12 Investments (continued)

Movements in non-current investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 July 2020	10,337,730
Additions	3,060,001
At 30 June 2021	13,397,731
Impairment	
At 1 July 2020	(2,337,729)
Impairment losses	(2,693,002)
At 30 June 2021	(5,030,731)
Carrying amount	
At 30 June 2021	8,367,000
At 30 June 2020	8,000,001

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct
Alquity Investment Management Limited	United Kingdom	Provision of investement management services	Ordinary	100.00
Alquity (Asia) Limited	Hong Kong	Provision of investment management services	Ordinary	100.00

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

14 Intangible assets

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 July 2019	7,104,563	7,498	7,112,061
At 30 June 2020	7,104,563	7,498	7,112,061
At 30 June 2021	7,104,563	7,498	7,112,061
Amortisation and impairment			
At 1 July 2019	-	4,634	4,634
Charge for the year	-	2,864	2,864
At 30 June 2020	-	7,498	7,498
At 30 June 2021	-	7,498	7,498
Carrying amount			
At 30 June 2021	7,104,563	-	7,104,563
At 30 June 2020	7,104,563	-	7,104,563
At 30 June 2019	7,104,563	2,864	7,107,427

Goodwill represents the excess consideration over the fair value of the investment in subsidiaries.

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

15 Property, plant and equipment

Group	Right of use asset	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 July 2019	-	69,803	31,876	23,485	125,164
Additions	280,452	-	2,396	6,448	289,296
At 30 June 2020	280,452	69,803	34,272	29,933	414,460
Additions	-	-	-	9,249	9,249
At 30 June 2021	280,452	69,803	34,272	39,182	423,709
Accumulated depreciation and impairment					
At 1 July 2019	-	6,527	5,217	9,761	21,505
Charge for the year	124,645	13,960	16,818	10,728	166,151
At 30 June 2020	124,645	20,487	22,035	20,489	187,656
Charge for the year	100,420	13,961	12,237	10,117	136,735
At 30 June 2021	225,065	34,448	34,272	30,606	324,391
Carrying amount					
At 30 June 2021	55,387	35,355	-	8,576	99,318
At 30 June 2020	155,807	49,316	12,237	9,444	226,804
At 30 June 2019	-	63,276	26,659	13,724	103,659

The Company held no tangible fixed assets during the period.

16 Trade and other receivables

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade receivables	92,494	222,195	-	-
VAT recoverable	32,272	34,849	-	-
Amounts owed by fellow group undertakings	519,013	519,013	-	-
Other receivables	182,153	183,747	-	-
Prepayments	32,248	62,885	182	182
	858,180	1,022,689	182	182

17 Trade and other payables due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade payables	76,647	210,290	-	-
Amounts owed to subsidiary undertakings	-	-	3,239,281	1,501,446
Accruals	332,281	246,811	24,000	-
Social security and other taxation	107,428	172,531	-	-
Other payables	651,188	315,946	-	-
	1,167,544	945,578	3,263,281	1,501,446

18 Trade and other payables due after one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other payables	-	55,128	-	-
	-	55,128	-	-

19 Lease liabilities

Maturity analysis	2021 £	2020 £
Within one year	-	152,400
In two to five years	-	38,100
Total undiscounted liabilities	-	190,500
Future finance charges and other adjustments	-	(3,173)
Lease liabilities in the financial statements	-	187,327

All lease liabilties are expected to be settled within 12 months from the reporting date.

Amounts recognised in profit or loss include the following:	2021 £	2020 £
Interest on lease liabilities	1,899	6,275

20 Borrowings

	Non-current		Non-current	
	Group	Group	Company	Company
	2021	2020	2021	2020
	£	£	£	£
Borrowings held at amortised cost:				
Directors' loans	128,456	1,578,455	128,456	1,578,455
Loans from related parties	2,094,430	2,398,721	2,094,430	2,398,721
	2,222,886	3,977,176	2,222,886	3,977,176

20 Borrowings (continued)

An unsecured loan note for £3,750,000 was issued on 5 April 2013 to Alquity Group Limited as part of the consideration for the acquisition of Alquity Investment Management Limited. The loan is subordinated and interest free. Repayment is in tranches and will be determined by the Board. At 30 June 2021, £2,246,005 (2020: £2,398,721) was outstanding and included in the above aggregate loans payable balance.

The loan is repayable in full either upon the sale of the entire share capital of the company for full value on an arms-length basis; or a flotation of the company on a recognised stock exchange.

An unsecured loan facility for $1,500,000 was agreed with Paul Robinson on 28 November 2013. The loan facility may be drawn down as required and in a currency of USD, GBP or EUR as per the lenders preference. Repayment is to be made in USD. The facility does not have a fixed term but the borrower will make reasonable efforts to repay the lender in full upon sufficient funds becoming available for repayment by the Borrower. All amounts drawn down under the facility together with interest accrued thereon shall be repaid immediately in full in the event of the sale of the Borrower. Repayment will be made to the extent that the business will continue to hold more than 7 months regulatory capital, £128,456 (2020: £1,578,455) was outstanding and included in the above aggregate loans payable balance.

21 Convertible loan notes

£3,060,000 of convertible loan notes were issued on 17 November 2020 as part of the Futures Fund loan scheme. The notes are convertible into ordinary shares of the company upon a triggering event within 3 years of issue or at the end of the 3 year maturity period. The conversion price is at a 20% discount to the share price used in the triggering event, or the last price of the last investment raise if conversion takes place at maturity (subject to certain terms and conditions).

If the convertible loan notes have not been converted, and notice has been served, they will be redeemed in cash on 17 November 2023 at a premium of 100%.

Interest at 8% per annum is accrued until conversion or redemption and will be converted or paid at that date at par.

Movements and balance at the period end	**Liability**
	£
Liability component at 30 June 2020	-
Issue of convertible loan notes	3,060,000
Interest charged	151,575
Fair value movement	612,000
Liability component at 30 June 2021	3,823,575
Liability component due after 12 months	3,823,575

21 Convertible loan notes (continued)

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	Tax losses
	£
Deferred tax asset at 1 July 2019	(384,965)
Deferred tax asset at 1 July 2020 and 30 June 2021	(384,965)

23 Contingent liabilities

As at 30 June 2021 the company had a contingent liability of £nil (2020: £308,433) in relation to the company's capacity as a guarantor on an operating lease.

24 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary Shares of 0.00001p each	11,875,111	11,875,111	119	119
A Ordinary Shares of 0.00001p each	969,716	969,716	10	10
Preferred Ordinary Shares of 0.00001p each	4,615,977	2,500,089	46	25
B Investment Shares of 0.00001p each	174,771	174,771	2	2
Founder share of 0.00001p each	1	-	-	-
	17,635,576	15,519,687	177	156

24 Share capital (continued)

	2021	2020	2021	2020
Preference share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Preference Shares of 0.001p each	3,750,000	3,750,000	37	37
Preference shares classified as equity			37	37
Total equity share capital			214	193

All ordinary shares rank equally with regard to the company's residual assets. Preference shares are zero coupon shares and no right to vote. Ordinary A, Preferred Ordinary and Investment B shares hold no voting rights but have the rights to dividends and distributions. Founder shares have no right to dividends but hold the right to appoint directors and vote.

Reconciliation of movements during the year:

	Number	Number
At 1 July 2020	-	2,500,089
Issue of fully paid shares	1	2,115,888
At 30 June 2021	1	4,615,977

1 Founder share was issued on 12 October 2020 in exchange for its nominal value. 2,115,888 preferred shares were issued in December 2020.

25 Share-based payment transactions

The company operates an equity-settled share based remunerations scheme for their employees. This is an EMI share scheme that all employees are allowed to participate in.

25 Share-based payment transactions (continued)

	Number of share options		Weighted average exercise price	
	2021	**2020**	**2021**	**2020**
			£	**£**
Outstanding at 1 July 2020	2,923,007	2,145,406	0.37	0.34
Granted in the period	515,129	1,598,878	-	0.38
Exercised in the period	-	(821,277)	-	0.33
Expired in the period	(876,801)	-	0.31	-
Outstanding at 30 June 2021	2,561,335	-	0.32	-
Exercisable at 30 June 2021	1,321,113	-	0.35	-

The options outstanding at 30 June 2021 had an exercise price ranging from £0.00001 to £0.61. and a remaining contractual life of up to 4 years.

During the year, options were granted on 22 October 2020. The weighted average fair value of the options on the measurement date was £0.41 per share. During 2020, options were granted with a weighted average fair values at the measurement date of £0.38. In both years, the fair values were assessed by reference to market prices.

As at the year end, the company had options over 2,923,007 (2020: 2,923,007) shares of which 1,598,878 (2018: 1,983,060) had vested as at 30 June 2019.

No share option charge has been recognised in the financial statements as it is not considered to be material to the group.

26 Capital risk management

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

The group defines 'capital' as including all components of equity. Accordingly, the capital balance for the group as at 30 June 2021 is £2,459,631 (2020: £3,675,711).

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

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

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 group monitors its compliance with the requirement on a daily basis.

During the current financial year, the group's strategy, which was unchanged from last year, was to maintain a higher capital level than regulatory requirement of the FCA. The group 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.

27 Financial Instruments

Credit risk

The group provides sales, marketing and operational services to the Alquity Fund and also funds managed by what was the immediate holding company, a company under common control. In addition there is a fee paid by CalPERs related to the investment management services for our mandate with them. Receivables are mainly from these sources. 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.

The group's maximum exposure to credit risk is represented by its trade receivables and cash balances, which are usually paid within 30 working days. The balances represent number of days from the date of invoice. Of the £84,784 trade receivables balance, £22,241 of this is over 30 days old. No impairment has been recognised. Given the credit terms, the balances outside the current category are not deemed past due.

Historically, the group does not have a default rate. The group would typically recognise a provision against the trade receivables balance once the balance is over 60 days old.

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.

None of the group's contracted maturities bear interest. £1,167,544 (2020: £1,132,905) is payable within one year and £nil (2020: £55,128) is payable within 1 - 2 years.

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.

Foreign currency risk

As the group's cash at bank, other receivables and payables are denominated predominantly in British Pounds Sterling and US$, changes in foreign currency rates should have limited impact on the group's losses and retained losses.

28 Related party transactions

Group

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 8 and the loan from Paul Robinson disclosed below, there are no transactions, arrangements and agreements made for persons who were directors of Alquity UK Limited during the year.

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

The Group received fee income of £119,482 (2020: £123,105) from Alquity Group Limited, as a company under common control. There is a £83,128 (2020: £8,386) outstanding from Alquity Group at 30 June 2021. The company also has a loan balance due from Alquity Group Limited at 30 June 2021 of £519,013 (2020: £519,013). No interest is charged on this loan.

Included in non-current liabilities is a loan of £2,094,430 (2020: £2,398,721) from Alquity Group Limited, a company under common control.

Included in non-current liabilities is a loan of £128,456 (2020: £1,578,455) from Paul Robinson, the ultimate controlling party. Interest, which is charged on this loan at 7.5% per annum, is rolled up into the principal. In the current year £1,450,000 (2020: £Nil) was repaid.

The Group received fee income of £753,896 (2020: £1,520,540) from Alquity SICAV, a company of which Paul Robinson is also a director. There is £137,599 (2020: £171,808) outstanding from Alquity SICAV at 30 June 2021. No interest is charged on this loan.

During the year the group made donations totalling £86,582 (2020: £168,820) to the Alquity Transforming Lives Foundation, an entity under mutual control. At the reporting date the company owed £329,688 (2020: £257,703) to this entity.

Company

During the year Alquity UK limited, the parent entity, subscripted to a share issue totalling £3,060,000 (2020: £351,867). At the reporting date £3,289,280 (2020: £1,501,445) was outstanding from Alquity UK Limited. No interest is charged on this loan.

29 Events after the reporting date

On 4 February 2022, the Company issued 3,658,537 Preferred Ordinary Shares at a price of £0.41 per Preferred Ordinary Share.

30 Controlling party

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

31 Cash (absorbed by)/generated from operations

	2021	2020
	£	£
Loss for the year after tax	(1,878,176)	(1,132,408)
Adjustments for:		
Finance costs	167,761	-
Investment income	(70)	-
Amortisation and impairment of intangible assets	-	2,864
Depreciation and impairment of property, plant and equipment	136,735	166,151
Other gains and losses	612,000	-
Movements in working capital:		
Decrease in trade and other receivables	164,509	1,013,632
Increase in trade and other payables	166,839	154,323
Cash (absorbed by)/generated from operations	(630,402)	204,562

32 Cash generated from operations

Company	2021	2020
	£	£
Loss for the year after tax	(3,468,392)	(2,437,887)
Adjustments for:		
Finance costs	153,345	100,158
Investment income	(70)	-
Impairment of investments	2,693,002	2,337,729
Other gains and losses	612,000	-
Movements in working capital:		
Increase in trade and other receivables	(17)	(5)
Increase in trade and other payables	1,761,835	452,392
Cash generated from operations	1,751,703	452,387