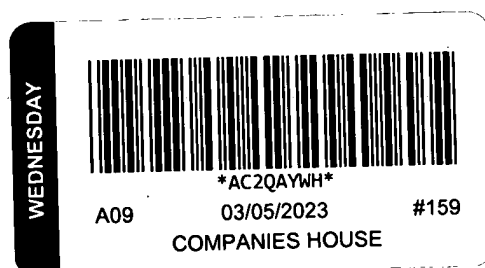


KLAR Partners Ltd

Registered Number: 12214194

Annual report and audited financial statements

For the year ended 31 December 2022



Contents

Contents	Page
Administrative information	2
Strategic report	3
Directors' report	5
Statement of directors' responsibilities	7
Independent auditor's report	8
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15
Appendix 1: Unaudited MIFIDPRU Public Disclosure	26
Appendix 2: Unaudited Remuneration arrangements	28

Administrative information

For the year ended 31 December 2022

Directors

A Mesinoglu
C J G Falkenberg
F B Brynildsen
M M Furth

Registered Office

KLAR Partners Ltd
123 Buckingham Palace Road
London
SW1W 9SH

Auditors

BDO LLP
55 Baker St
London
W1U 7EU

Strategic report

For the year ended 31 December 2022

The directors present their strategic report for KLAR Partners Ltd ("the Company") for the year ended 31 December 2022.

Principal activities, review of the business and future developments

The Company was incorporated on 18 September 2019 and became registered with the Financial Conduct Authority ("the FCA") on 24 July 2020 to conduct investment related activities, at which point it began to trade. The principal activity of the Company is the provision of investment advisory services.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

The directors do not anticipate any change in the nature of the Company's principal activity going forward.

Results

The profit for the financial year, after taxation amounted to £650,032 (2021: £3,208,902).

The year-on-year decrease resulted from the expected fall in turnover under the existing investment advisory agreement related to Fund I, as well as a rise in administrative expenses driven by increasing the headcount in anticipation of Fund II. The fundraising of Fund II is in progress and the new fund is expected to start generating investment advisory fees to the Company in the first half of 2023. Given the Company's revenue model and based on the directors' assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Key performance indicators ("KPIs")

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

Section 172 statement

Section 172 of the Companies Act 2006 requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As part of the Company's deliberations and decision making process, the directors also take into account the following:

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

The directors consider the Company's stakeholders to be the people who work for us, invest with us, own us, regulate us and live in the societies we serve. During the year ended 31 December 2022, the directors gave careful consideration to the factors set out above in discharging their duties under section 172. The directors recognise that building strong relationships with our stakeholders will help deliver the Company's strategy in line with its long-term values. The directors are committed to effective engagement with all of its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder may differ and, as such, as part of the Company's engagement with stakeholders, the directors seek to understand the relative interests and priorities of each stakeholder and to have regard to these, as appropriate, in their decision making. The directors acknowledge however, that not every decision they make will necessarily result in a positive outcome for all stakeholders.

Strategic report (continued)

For the year ended 31 December 2022

Section 172 statement (continued)

The directors seek to understand the interests and views of the Company's stakeholders by engaging with them directly as appropriate. The directors sometimes engage directly with certain stakeholders on specific issues, but the size and distribution of our stakeholders means that stakeholder engagement often takes place at an operational level. The majority of decisions made by the directors during the year ended 31 December 2022 are deemed to be routine in nature and are taken on a cyclical basis. The directors also focused on delivering both fair and right outcomes for all its stakeholders. The product proposition for both internal and external groups has been debated by the directors. As a result of these activities, the directors believe they have demonstrated compliance with their legal duty under section 172 of the Companies Act 2006.

Risks and uncertainties

Financial risk management

The Company faces a variety of risks that are inherent in its business including credit risk, liquidity risk, market risk, foreign exchange risk and interest rate risk. These risks are outlined in note 16.

Russia's invasion of Ukraine

The recent events in Ukraine and the subsequent international sanctions imposed on Russian and Belarusian businesses and individuals could have a wide-ranging impact on the global economy. However, the Company does not have a portfolio company presence in these jurisdictions and neither any material indirect links to them. The directors currently do not anticipate any adverse impact on our business from the current sanctions regime but will continue to monitor the events and any associated impact.

Impact of rising inflation and interest rates

During 2022, the current economic climate has given rise to increasing inflation and interest rates causing disruption to businesses and economic activity which is reflected in fluctuations in global securities markets. While the Company expects this to continue to cause some disruption in the markets, it should largely be able to operate as normal. The directors therefore consider that the impact would not affect the ability of the Company to generate value in the long-term or impact its business plan such as to have a material impact on any of the balances in these financial statements.

This report was approved by the Board of Directors on ... 24 April 2023 ... and signed by:



Michael Furth

Director

Directors' report

For the year ended 31 December 2022

The directors present their report and the audited financial statements of KLAR Partners Ltd ("the Company") for the year ended 31 December 2022.

Directors

The directors of the Company during the year and up to the date of this report were:

A Mesinoglu
C J G Falkenberg
F B Brynildsen
M M Furth

Dividends

During the year, no dividends (2021: £1,415,000) were paid.

Going concern

The financial statements have been prepared on a going concern basis, as stated in the directors' responsibilities statement. Given the private equity business model, the exact revenues are known throughout the investment period of the fund and will also continue thereafter, albeit on invested rather than committed capital. Given a large part of the expense base is variable the directors can make adjustments to ensure the Company does not run at a loss. Based on the directors' assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to apply the going concern basis.

Remuneration Code disclosure

The unaudited Remuneration Code disclosures of the Company, as required by the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) 11.5.18 and the FCA Sourcebook on Senior Management Arrangements, Systems and Controls (SYSC) 19A - Disclosure obligations in relation to the remuneration of Code Staff, are available in an appendix to these financial statements.

Statement as to disclosure of information to auditors

The directors at the time when this directors' report is approved have confirmed that:

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

Directors' Indemnities

As at 31 December 2022 the Company held directors' and officers' insurance for all directors to provide appropriate cover for their reasonable actions on behalf of the Company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2022 financial year and remain in force for all Directors of the Company.

Directors' report (Continued)

For the year ended 31 December 2022

Auditors

The auditors, BDO LLP, have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the directors' meeting held to approve these financial statements in accordance with section 485 of the Companies Act 2006.

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

This report was approved by the Board of Directors on 24 April 2023 and signed by:



Michael Furth (Director)

Statement of directors' responsibilities

For the year ended 31 December 2022

The directors are responsible for preparing the directors' 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless 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 year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the 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.

Independent auditor's report

to the shareholders of KLAR Partners Ltd

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Klar Partners Ltd ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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.

Independent auditor's report (continued)

to the shareholders of KLAR Partners Ltd

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities and relevant accounting standards.

Independent auditor's report (continued)

to the shareholders of KLAR Partners Ltd

Auditor's responsibilities for the audit of the financial statements (continued)

We considered compliance with laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management regarding known or suspected instances of non-compliance with laws and regulations;
- evaluating that the Company's control environment is adequate for its size and is designed appropriately;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and
- review of meeting minutes throughout the period.

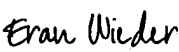
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Eran Wieder (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
24 April 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income

For the year ended 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Turnover		9,399,290	10,425,705
Administrative expenses		<u>(8,563,421)</u>	<u>(6,456,911)</u>
Operating profit		<u>835,869</u>	<u>3,968,794</u>
Profit before tax		835,869	3,968,794
Tax on profit	8	<u>(185,837)</u>	<u>(759,892)</u>
Profit for the year		650,032	3,208,902
Total comprehensive income for the year		<u>650,032</u>	<u>3,208,902</u>

All amounts relate to continuing operations.

The notes on pages 15 – 25 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2022

	Notes	2022 £	2021 £
Non-current assets			
Tangible assets	9	68,822	59,228
Placement fees	10	<u>6,627,973</u>	<u>7,433,839</u>
		6,696,795	7,493,067
Current assets			
Debtors	11	2,075,937	1,857,128
Cash and cash equivalents		<u>2,761,259</u>	<u>3,210,595</u>
		4,837,196	5,067,723
Creditors: amounts falling due within one year	12	<u>(3,474,642)</u>	<u>(3,498,133)</u>
Net current assets		<u>1,362,554</u>	<u>1,569,590</u>
Total assets less current liabilities		8,059,349	9,062,657
Creditors: amounts falling due after more than one year	12	(1,980,926)	(3,635,696)
Provisions for liabilities	13	(8,207)	(6,777)
Net assets		<u><u>6,070,216</u></u>	<u><u>5,420,184</u></u>
Capital and reserves			
Called up share capital	14	1,444,815	1,444,815
Profit and loss reserve		4,625,401	3,975,369
Total shareholders' funds		<u><u>6,070,216</u></u>	<u><u>5,420,184</u></u>

The financial statements were approved and authorised for issue by the directors and were signed on
24 April 2023



Michael Furth
Director

The notes on pages 15 – 25 form an integral part of these financial statements.

Statement of changes in equity**As at 31 December 2022**

	Note	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2021		1,444,815	2,181,467	3,626,282
Profit for the financial year		-	3,208,902	3,208,902
Dividends paid during the year		-	(1,415,000)	(1,415,000)
At 31 December 2021		1,444,815	3,975,369	5,420,184
Profit for the financial year		-	650,032	650,032
At 31 December 2022		1,444,815	4,625,401	6,070,216

Statement of cash flows

For the year ended 31 December 2022

	Notes	31 December 2022 £	31 December 2021 £
Cash flows from operating activities			
Profit for the year before tax		835,869	3,968,794
Depreciation of tangible fixed assets	9	23,392	11,360
Amortisation of placement fees	10	805,866	765,872
Unrealised loss/(gain) on FX		195,986	(165,207)
Taxation	8	(185,837)	(759,892)
(Increase)/decrease in debtors		(218,809)	444,724
Increase in creditors		1,137,078	488,430
Net cash inflow from operating activities		2,593,545	4,754,081
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(32,986)	(62,077)
Placement fees paid		(2,813,909)	(2,050,733)
Net cash outflow from investing activities		(2,846,895)	(2,112,810)
Cash flows from financing activities			
Dividend payment		-	(1,415,000)
Net cash outflow from financing activities		-	(1,415,000)
Net (decrease)/increase in cash and cash equivalents		(253,350)	1,226,271
Cash and cash equivalents at the beginning of year		3,210,595	1,819,117
Foreign exchange differences on cash and cash equivalents		(195,986)	165,207
Cash and cash equivalents at the end of year		2,761,259	3,210,595

As the Company has no net debt, an analysis of net debt has not been presented.

The notes on pages 15 – 25 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General information

KLAR Partners Ltd is a private company limited by shares incorporated and registered in England and Wales. The address of its registered office and principal place of business is 123 Buckingham Palace Road, London, SW1W 9SH.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies (note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis, as stated in the directors' responsibilities statement. Given the private equity business model, the exact revenues are known throughout the investment period of the fund and will also continue thereafter, albeit on invested rather than committed capital. Given a large part of the expense base is variable the directors can make adjustments to ensure the Company does not run at a loss. Based on the directors' assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to apply the going concern basis.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Expenses

Expenses incurred have been recognised on an accruals basis.

2.5 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Computer equipment	3 years
Furniture and Fittings	3 years
Artwork	No depreciation

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2.6 Placement fees

The Company has established a distribution agreement with a placement agent who source and introduce investors to the underlying fund. Placement fees are expensed over the life of the fund to align with the period which management fees relating to these investments will be received, which is 10 years, using the straight-line method. The amounts deferred to future years are included as placement fees within fixed assets and the amounts recognised in the statement of income and retained earnings are included within administrative expenses.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment, except where repayable on demand.

2.8 Cash and cash equivalents

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

2.9 Creditors

Creditors are measured at transaction price, less any impairment. Loans payable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment, except where repayable on demand.

2.10 Foreign currency translation

The Company's functional currency and presentation currency is pound sterling. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.11 Pensions

Contributions to defined contribution plans are recognised as an expense in the year in which they are incurred. Any liability, after deducting payments already paid, is included in creditors. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Current taxation

The comprehensive tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The comprehensive income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements (continued)

For the year ended 31 December 2022

2. Accounting policies (continued)

2.13 Financial Instruments

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans due to members, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest (discounting only applies if material).

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

a) Key sources of estimation uncertainty

The directors are of the opinion that due to the nature of the business no material accounting estimates are used in the preparation of these financial statements.

4. Turnover

Turnover represents fees charged for the provision of investment advisory services. All revenue arises from continuing operations undertaken in the United Kingdom.

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. Operating profit

	31 December 2022 £	31 December 2021 £
The operating profit is stated after charging/(crediting):		
Auditor's remuneration – audit services (excluding VAT)	30,000	16,450
Auditor's remuneration – other assurance services	2,000	2,000
Operating lease cost	343,191	266,986
Depreciation of tangible fixed assets	23,392	11,360
Amortisation of placement fees	805,866	765,872
Foreign exchange loss/(gain)	58,813	(166,035)
	<u>58,813</u>	<u>(166,035)</u>

6. Staff costs

Staff costs were as follows:

	31 December 2022 £	31 December 2021 £
Wages and salaries	3,513,127	3,034,116
Social security costs	460,602	376,173
Pension costs	113,209	75,615
	<u>4,086,938</u>	<u>3,485,904</u>

The average monthly number of employees, including the directors, during the year was as follows:

	31 December 2022 No	31 December 2021 No
Business support	4	1
Investment advisory and research	13	12
	<u>17</u>	<u>13</u>

Notes to the financial statements (continued)**For the year ended 31 December 2022****7. Directors' remuneration**

Directors' remuneration for the year was as follows:

	31 December 2022	31 December 2021
	£	£
Wages and salaries	638,709	1,028,508
Social security costs	89,307	138,232
Pension costs	20,079	22,667
	<u>748,095</u>	<u>1,189,407</u>

The average number of company directors during the year was 4 (2021: 4). The highest paid director received £255,595 (2021: £514,384).

Notes to the financial statements (continued)

For the year ended 31 December 2022

8. Taxation

	31 December 2022 £	31 December 2021 £
Current tax		
Current tax on profits for the year	184,407	754,377
Deferred tax		
Origination and reversal of timing differences	1,430	5,515
Tax on profit on ordinary activities	<u>185,837</u>	<u>759,892</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>835,869</u>	<u>3,968,794</u>
Corporation tax at 19%	158,815	754,071
Effect of:		
Income not taxable	(1,880)	(1,739)
Expenses not deductible for tax purposes	28,558	1,333
Adjustment from previous periods	-	4,600
Tax rate changes	344	1,627
Total tax charge for the year	<u>185,837</u>	<u>759,892</u>

Factors that may affect future tax charges:

As at the reporting date, the UK corporation tax rate was 19%. However, during the Budget in March 2021, the Chancellor of the Exchequer announced that the government would legislate to keep the corporation tax rate of 19% until 2023 at which point it would increase to 25%. This will taper from 19% for businesses with profit of less than £50,000 to 25% for business with profits over £250,000. The Finance Bill achieved Royal Assent during June 2021.

Notes to the financial statements (continued)

For the year ended 31 December 2022

9. Tangible assets

	Computer equipment	Furniture and Fittings	Artwork	Total
	£	£	£	£
Cost:				
At 1 January 2022	21,166	26,283	25,000	72,449
Additions	6,278	26,708	-	32,986
At 31 December 2022	27,444	52,991	25,000	105,435
Depreciation:				
At 1 January 2022	8,454	4,767	-	13,221
Charge for the year	8,446	14,946	-	23,392
At 31 December 2022	16,900	19,713	-	36,613
Net book value:				
At 31 December 2022	10,544	33,278	25,000	68,822
At 31 December 2021	12,712	21,516	25,000	59,228

10. Placement fees

	£
Cost:	
At 1 January 2022	8,294,659
Additions	-
At 31 December 2022	8,294,659
Amortisation	
At 1 January 2022	860,820
Charge for the year	805,866
At 31 December 2022	1,666,686
Net book value:	
At 31 December 2022	6,627,973
At 31 December 2021	7,433,839

Notes to the financial statements (continued)

For the year ended 31 December 2022

11. Debtors

	As at 31 December 2022 £	As at 31 December 2021 £
Prepayments and accrued income	62,708	74,341
Amounts due from KLAR Partners I GP Sarl	107,177	101,692
Amounts due from KLAR Partners II GP Sarl	1,339	-
Amounts due from KLAR Holding SCoSA	18,520	18,520
Amounts due from KLAR Advisors AB	2,881	2,732
Other debtors	1,883,312	1,659,843
	2,075,937	1,857,128

The amounts due from KLAR Partners I GP Sarl, KLAR Partners II GP Sarl and KLAR Advisors AB are unsecured, interest free and repayable on demand.

12. Creditors

	As at 31 December 2022 £	As at 31 December 2021 £
Amounts falling due within one year		
Trade creditors	323,015	61,499
Placement fees	1,833,138	1,747,410
Corporation tax	184,407	435,574
Other taxation and social security	849,366	630,260
Pensions	10,994	7,120
Accruals and deferred income	183,884	609,995
Other creditors	89,838	6,275
	3,474,642	3,498,133
	As at 31 December 2022 £	As at 31 December 2021 £
Amounts falling due after more than one year		
Placement fees	1,980,926	3,635,696

Notes to the financial statements (continued)

For the year ended 31 December 2022

13. Deferred taxation

	As at 31 December 2022	As at 31 December 2021
At 1 January	6,777	1,262
Movement in year	<u>1,430</u>	<u>5,515</u>
At 31 December	<u><u>8,207</u></u>	<u><u>6,777</u></u>

The deferred tax liability fully relates to accelerated capital allowances.

14. Called up share capital

	As at 31 December 2022 £	As at 31 December 2021 £
Allotted, issued and fully paid		
1,444,815 Ordinary shares of £1 each	<u><u>1,444,815</u></u>	<u><u>1,444,815</u></u>

15. Related party transactions

During the year ended 31 December 2022, the Company paid £nil expenses (2021: £65,161) on behalf of KLAR Partners I GP Sarl, a company incorporated in Luxembourg and under common control. The exchange rate variance on the balance for the year was £5,484.50 (2021: £4,302). As at 31 December 2022, the amount due from KLAR Partners I GP Sarl was £107,177 (2021: £101,692) and this figure is included within Debtors (note 11).

During the year ended 31 December 2022, the Company paid expenses amounting to £1,327 (2021: £nil) on behalf of KLAR Partners II GP Sarl, a company incorporated in Luxembourg and under common control. The exchange rate variance on the balance for the year was £13 (2021: £nil). As at 31 December 2022, the amount due from KLAR Partners II GP Sarl was £1,339 (2021: £nil) and this figure is included within Debtors (note 11).

During the year ended 31 December 2022, the Company paid expenses amounting to £nil (2021: £18,520) on behalf of KLAR Holding SCoSA, a company incorporated in Luxembourg and under common control. The exchange rate variance on the balance for the year was £nil (2021: £nil). As at 31 December 2022, the amount due from KLAR Holding SCoSA was £18,520 (2021: £18,520) and this figure is included within Debtors (note 11).

During the year ended 31 December 2022, the Company paid expenses amounting to £nil (2021: £nil) on behalf of KLAR Advisors AB, a company incorporated in Sweden and sub-adviser of the Company. The exchange rate variance on the balance for the year was £149 (2021: £232). As at 31 December 2022, the amount due from KLAR Advisor AB was £2,881 (2021: £2,732) and this figure is included within Debtors (note 11).

Notes to the financial statements (continued)

For the year ended 31 December 2022

16. Financial risk management

Overview

The Company's risk management framework is based on transparency, management accountability and independent oversight. Risk management plays an integral role in the Company's business planning process and is strongly supported by its Board and senior management. The primary objectives of risk management are to protect the Company's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value.

Risk management framework

The Company is fully committed to promoting a strong compliance and control culture throughout its structure which encourages strong investment performance within a risk-controlled environment. The principal risks of the Company are defined below.

a) Credit Risk

Credit risk is the risk that financial obligations due from counterparties are not met during the ordinary course of business. The Company's credit risk arises on the receipt of fees. Management fees are accrued on a monthly basis and are billed accordingly in subsequent periods. Historically, such fees are received timeously and no material credit risk has been assessed with regard to revenue streams.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to efficiently meet both expected and unexpected cash flow commitments now or at any point in the foreseeable future. In assessing liquidity risk, it has been determined that operational strength of the Company mitigates this category, and no material risk exists with regard to the cash flow.

c) Market Risk

Market risk is the risk of loss arising from adverse changes in foreign exchange rates, interest rates and other relevant market factors which may cause significant volatility. Foreign exchange risk and interest rate risk are detailed below:

i. Foreign exchange Risk

The Company's functional currency is pound sterling and it therefore is exposed to fluctuations in currencies other than pound sterling. The Company receives income and incurs expenses in currencies other than pound sterling. Non pound sterling income is used to cover non pound sterling expenses to mitigate the Company's foreign exchange risk.

ii. Interest rate Risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs or reduced income from interest bearing financial assets and liabilities. Given the balance sheet structure of the Company, this category of risk is not considered material.

17. Ultimate parent undertaking and controlling party

The immediate parent undertaking and controlling party is KLAR Holding SCoSA, a company incorporated in Luxembourg. The registered address is 12 C Rue Guillaume J. Kroll, L-1882, Luxembourg.

There is no ultimate controlling party.

Notes to the financial statements (continued)

For the year ended 31 December 2022

18. Post balance sheet events

The Company has reviewed subsequent events occurring through to the date that these financial statements were available to be issued and concluded that no events have occurred that would require recognition or disclosure.

Appendix 1

Unaudited MIFIDPRU Public Disclosure

1 Overview and summary

KLAR Partners Ltd is regulated by the Financial Conduct Authority ("FCA") as a Markets in Financial Instruments ("MiFID") firm and subject to the rules and requirements of the FCA's Prudential Sourcebook for MiFID Investments Firms ("MIFIDPRU") handbook.

For the purposes of MIFIDPRU, the Firm has been classified as a small non-interconnected ("SNI") firm.

The Firm has produced this Public Disclosure Document in line with the rules and requirements of MIFIDPRU 8, as applicable to SNI firms.

This Public Disclosure Document has been prepared based on the audited financials as at 31st December 2022, covering the financial period 1st January 2022 to 31st December 2022.

The Firm's main business activity is The Firm is authorised as a MiFID investment management firm which is sub-delegated as portfolio manager of a fund.

1.1 Own funds requirements – MIFIDPRU 4

As an SNI firm without permissions for dealing as principle or holding client money or client assets, the Firm is subject to a Permanent Minimum Requirement of £75,000.

The Firm calculates its own funds requirements based on the Fixed Overhead Requirement ("FOR") calculation and is not subject to any K-factor requirements.

The Firm has further assessed any risks facing its business operations within its ICARA and quantified additional own funds and liquidity, where required.

1.2 Concentration risk – MIFIDPRU 5

The Firm does not conduct any trading on own account and does not have regulatory permissions for dealing as principal. The Firm therefore does not have any concentration risks on or off balance sheet and does not operate a trading book.

1.3 Liquidity – MIFIDPRU 6

The Firm maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement (BLAR), being at least 1/3 of its FOR.

The Firm does not provide any client guarantees and therefore its entire liquidity requirement is driven by its expenses, as captured by the FOR.

As part of the ICARA, the Firm also maintains liquidity to satisfy its net wind-down costs and any additional liquidity requirements which the ICARA identified for supporting the ongoing business activities of the Firm.

Appendix 1 (continued)

Unaudited MIFIDPRU Public Disclosure

1.4 Own funds requirements

The Firm calculates its own funds requirements as an SNI firm in line with the rules and requirements in MIFIDPRU 4.3 for SNI firms.

In addition, the Firm has completed its ICARA and analysis to determine its net wind-down requirements and any additional own fund requirements to fund its on-going operations.

The Firm's risk appetite statement and assessment of risks through its risk management framework and risk register form the basis of its ICARA and assessment of the overall financial adequacy rule in line with MIFIDPRU 7.4.7.

The Board of Directors reviews, challenges and approves the ICARA and conclusions of own funds requirements.

Appendix 2

Unaudited UK Stewardship Code Disclosure

2 Remuneration arrangements

The Firm has adopted a remuneration policy and procedures that comply with the requirements of chapter 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC").

In accordance with MIFIDPRU 8.6.2 the Firm makes the following qualitative remuneration disclosures:

- The Firm's remuneration policies and practices are reviewed annually to ensure they are appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.
- The Board of Directors, as the Remuneration Committee, is directly responsible for the overall remuneration policy.
- The Firm ensures that its remuneration structure promotes effective risk management and balances the fixed and variable remuneration components for all Staff.
- Variable remuneration is adjusted in line with capital and liquidity requirements as well as the firm's performance.

KLAR Partners Ltd's Remuneration Policy sets out the criteria for setting fixed and variable remuneration. All remuneration paid to staff members is clearly categories as either fixed or variable remuneration.

Fixed remuneration is based upon a staff member's professional experience and organisational responsibility. It is permanent, pre-determined, non-discretionary, non-revocable and not dependent on performance.

Variable remuneration is based upon staff members performance or, in exceptional cases, other conditions.

Performance reflects the long-term performance of the staff member as well as performance in excess of the staff member's job description and terms of employment, and includes discretionary pension benefits.

Total remuneration is based on balancing both financial and non-financial indicators together with the performance of the Firm and the staff member's business unit.

The Firm ensures that fixed and variable components of the total remuneration are appropriately balanced; and the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration.

The Firm monitors fixed to variable compensation to ensure SYSC 19G is adhered to with respect to Total Remuneration.

Quantitative Remuneration

All firms are required to publicly disclose certain quantitative information in relation to the levels of remuneration awarded.

As an SNI firm and in accordance with MIFIDPRU 8.6.8, KLAR Partners Ltd is required to disclose the total amount of remuneration awarded to all staff, split into fixed and variable remuneration.

For the performance year ending 31 December 2022:

Total fixed remuneration awarded £1,346,508

Total variable remuneration awarded £1,570,310

Total remuneration awarded £2,916,819