Company Registration No. 06020476 (England and Wales)

Alquity Investment Management Limited

Annual report and financial statements for the year ended 30 June 2019

Alquity Investment Management Limited

Company information

Directors	Paul Robinson Robert Crombie
Company number	06020476
Registered office	3rd Floor 9 Kingsway London WC2B 6XF
Independent auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE

Alquity Investment Management Limited

Contents

The directors present the strategic report and financial statements for the year ended 30 June 2019.

Review of the business

AIML is an asset management business that connects investors to their investments and social progress in order to deliver better financial outcomes for all.

The funds managed by AIML target attractive returns, defined as performance in the top quartile of our peer group over the long-term (3-5 years), via a high conviction, fundamentally driven process. This approach emphasises not only macro analysis and financial valuation but also Environmental, Social and Governance (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 AIML 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 Indictors (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 management fees 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.

AIML 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 Scheme, which is a UK HMRC approved options scheme.

AIML is responsible for the sales of the funds it manages. AIML 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.

At year end (30 June 2019), as part of its strategy to focus exclusively in ESG products, AIML lost a client representing approximately 25% of its assets under management.

Furthermore, challenging market conditions (with significant market drawdowns in Q2 and Q4) led to a decrease in the assets managed in the SICAV fund.

During the year, AIML hired a new CEO (Brad Crombie) and a new CFO/COO (Francisco de Almada), with significant experience in the industry, to accelerate the growth of our business.

We believe that we have a unique and rigorous ESG approach because (i) 100% of Alquity's resources are focused on ESG investing, (ii) our ESG research and investment process come from a single team, (iii) we proprietarily rate high growth potential companies A-E on ESG after significant one-on-one engagement with management teams, (iv) we are forward looking and identify corporate 'direction of travel' in terms of responsible behavior and (v) investing in a mix of companies rated A-C, rather than just A, helps us spot & nurture high potential opportunities.

The new leadership team is already highly engaged in the enhancement of the business with objective to grow the assets managed by AIML from $300m, currently, to $2.4bn by 2024, with annual donations of $1.4m and sales of $14m.

This will be achieved by investing in (i) the expansion of the sales team, (ii) market penetration increase, (iii) enhancing AIML product offering and (iv) broadening the product set by launching a fixed income strategy. To assist with these investment plans AIML is currently going through a capital raise effort.

This investment strategy has already started with the hiring of high caliber sales' people in Europe and in North America. AIML has also hired, after year end, a new Head of Quantitative Risk who will assist with the product enhancement and also with the launch of the new fixed income strategy.

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. 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.

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.

On behalf of the board

Paul Robinson
Director
18 October 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activities of the company 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 9.

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

Directors

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

Paul Robinson	
Sureshbhai Mistry	(Resigned 23 July 2018)
Christopher Wehbe	(Resigned 7 November 2018)
Robert Crombie	(Appointed 7 November 2018)

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 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 they are aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are 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
Director

18 October 2019

Independent auditor's report
To the members of Alquity Investment Management Limited

Opinion
We have audited the financial statements of Alquity Investment Management Limited (the 'company') for the year ended 30 June 2019 which comprise the income statement, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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.

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

21 October 2019

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Alquity Investment Management Limited

Statement of comprehensive income
For the year ended 30 June 2019

	Notes	2019 £	2018 £
Revenue	4	3,708,533	5,271,373
Cost of sales		(599,066)	(1,034,055)
Gross profit		3,109,468	4,237,318
Administrative expenses		(3,038,004)	(3,779,490)
Operating profit	5	71,464	457,828
Investment revenues		-	750,940
Profit before taxation		71,464	1,208,768
Income tax income	8	384,965	-
Profit and total comprehensive income for the year		456,429	1,208,768

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

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

Alquity Investment Management Limited

Statement of financial position
As at 30 June 2019

	Notes	2019 £	2018 £
Non-current assets			
Intangible assets	9	2,864	6,613
Property, plant and equipment	10	103,659	607
Deferred tax asset	14	384,965	-
		491,488	7,220
Current assets			
Trade and other receivables	12	3,077,847	2,350,504
Cash and cash equivalents		175,675	1,161,926
		3,253,522	3,512,430
Total assets		3,745,010	3,519,650
Current liabilities			
Trade and other payables	13	985,889	1,027,162
Net current assets		2,267,633	2,485,268
Non-current liabilities			
Trade and other payables	13	60,853	250,649
Total liabilities		1,046,742	1,277,811
Net assets		2,698,268	2,241,839
Equity			
Called up share capital	16	4,173,927	4,173,927
Share premium account		39,960	39,960
Retained earnings		(1,515,619)	(1,972,048)
Total equity		2,698,268	2,241,839

The financial statements were approved by the board of directors and authorised for issue on 18 October 2019 and are signed on its behalf by:

Paul Robinson
Director

Company Registration No. 06020476

Alquity Investment Management Limited

Statement of changes in equity
For the year ended 30 June 2019

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
Balance at 1 July 2017	4,173,927	39,960	(3,180,816)	1,033,071
Profit and total comprehensive income for the year	-	-	1,208,768	1,208,768
Balance at 30 June 2018	4,173,927	39,960	(1,972,048)	2,241,839
Profit and total comprehensive income for the year	-	-	456,429	456,429
Balance at 30 June 2019	4,173,927	39,960	(1,515,619)	2,698,268

Alquity Investment Management Limited

Statement of cash flows
For the year ended 30 June 2019

			2019		2018
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	20		(867,922)		217,374
Net cash (outflow)/inflow from operating activities			(867,922)		217,374
Investing activities					
Purchase of intangible assets		-		(7,498)	
Purchase of property, plant and equipment		(118,329)		(925)	
Dividends received		-		750,940	
Net cash (used in)/generated from investing activities			(118,329)		742,517
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(986,251)		959,891
Cash and cash equivalents at beginning of year			1,161,926		202,035
Cash and cash equivalents at end of year			175,675		1,161,926

1 Accounting policies

Company information

Alquity Investment Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 9 Kingsway, London, WC2B 6XF.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared under the historical cost convention. The functional currency for the company is considered to be Pounds Sterling. 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 company'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 2.

1.2 Going concern

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

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

The company receives investment management fees, based on a percentage of the assets under management, in the period in which the service is performed.

The Company recognises management fees in the period in which the service is performed.

Amounts receivable in respect of commissions are recognised when the transaction is entered in to by the client. Commission is treated as refundable as and when it is due back to the provider.

1.4 Intangible assets other than goodwill

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 Accounting policies (continued)

1.5 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:

Leasehold improvements	5 years
Fixtures and fittings	2 years
Computer equipment	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.

1.6 Impairment of tangible and intangible assets

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 the statement of comprehensive income.

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 the statement of comprehensive income.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.8 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)

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company 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 fair 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.

Loans and receivables

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

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

Impairment of financial assets

The company 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 company 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.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

1 Accounting policies (continued)

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments
Equity instruments issued by the 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 at the discretion of the company.

1.12 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 statement of comprehensive income 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 statement of comprehensive income. Deferred tax assets and liabilities are offset when the company 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 Accounting policies (continued)

1.13 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.

A termination benefit liability is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.14 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.

1.15 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 are included in the statement of comprehensive income for the period.

1.16 Group Accounts

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

Alquity Investment Management Limited is a wholly owned subsidiary of Alquity UK Limited and the results of Alquity Investment Management Limited are included in the consolidated financial statements of Alquity UK Limited, which are available from 3rd Floor, 9 Kingsway, London, WC2B 6XF.

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 company and have an effect on the current period or a prior period or may have an effect on future periods:

Annual improvements 2014-2016 cycle

IFRS 9	Financial instruments
IFRS 15	Revenue from contracts with Customers including amendments to IFRS 15
Clarifications to IFRS 15	Revenue from contracts with Customers
IFRS 2 (amendments)	Classification and Measurement of Share- based Payment Transactions
IFRS 4 (amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IAS 40	Transfers of Investment Property

The impact of IFRS 9 and IFRS 15 is discussed in detail below. The other new standards have not had a signficant impact on the financial postion or performance of the company.

IFRS 9 - Financial instruments

IFRS 9, issued in July 2014, is effective for all accounting periods beginning on or after 1 January 2018. In accordance with the IFRS 9 transition requirements, comparative information for 2017 has not been restated and transitional adjustments have been accounted through retained earnings as at 1 January 2018, the date of initial application. A detailed description of the standard is available on the IFRS website: https://www.ifrs.org/issued¬standards/list-of-standards/ifrs-9-financial-instruments/

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and amends the guidance in IAS 39 that governs classification and measurement of financial instruments. IFRS 9 retains three primary measurement categories for financial assets being: amortised cost; fair value through other comprehensive income; and fair value through profit or loss. The entity's business model objective for the relevant financial assets and financial liabilities is the key driver for determination of classification.

An expected credit losses (ECL) model replaces the incurred loss impairment model used in IAS 39. For financial liabilities designated at fair value through profit or loss, changes in own credit risk are now recorded in other comprehensive income.

IFRS 9 has had no impact on the classification and measurement of the company's financial assets and liabilities.

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

IFRS 15 - Revenue from contracts with customers

IFRS 15 (latest amendment issued in April 2016) introduces a new standard for the recognition of revenue from contracts with customers. It is effective for all accounting periods beginning on or after 1 January 2018 and replaces IAS 18 'Revenue'. The company has adopted IFRS 15 with effect from 1 January 2018 and has adopted the modified retrospective approach without restatement of comparatives. A detailed description of the standard is available on the IFRS website: https:// www.ifrs.org/issued-standards/list-of-standards/ ifrs-15-revenue-from-contracts-with-customers/

IFRS 15 establishes criteria which govern revenue recognition in relation to the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue should not be recognised until a customer obtains control of a good or service and can use and obtain the benefits from the good or service. Variable consideration is included in the transaction price to the extent that it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved. The Standard introduces a five-step approach to revenue recognition:

Step 1: Identify the contract with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Management has reviewed the impact of IFRS 15 on the material revenue streams of the company and has concluded that the application of IFRS 15 has not significantly changed the amount or timing of the revenue recognised by the company.

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 by the EU):

IFRS 16 Leases	
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual improvments 2015-2017 cycle	
Amendments to IAS 19	Plan amendment, Curtailment or Settlement
Amendments to IFRS 3 Business Combinations	
Amendments to IAS 1 and IAS 8	Definition of material
IFRS 17	Insurance Contracts

3 Critical accounting judgements and key sources of estimation uncertainty

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.

4 Revenue

Geographical breakdown

	2019	2018
	£	£
Revenue analysed by class of business		
Cayman Islands	822,471	513,133
Luxembourg	2,313,811	4,200,611
United Kingdom	945	519
United States of America	571,307	557,110
	3,708,534	5,271,373

	2019	2018
	£	£
Other significant revenue		
Dividends received	-	750,940

5 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	(16,655)	30,121
Depreciation of property, plant and equipment	15,277	1,526
Amortisation of intangible assets	3,749	2,802
Donation on SICAV income	238,585	403,558
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's financial statements	25,000	21,000
Fees payable to the company's auditors for taxation services	9,000	9,000

6 Employees

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

	2019	2018
	Number	Number
	17	17

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,773,396	2,015,234
Social security costs	220,676	214,494
Pension costs	41,821	25,533
	2,035,893	2,255,261

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	367,870	319,181
Company pension contributions to defined contribution schemes	750	12,000
	368,620	331,181

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

Remuneration for qualifying services	176,000	230,194
Company pension contributions to defined contribution schemes	-	12,000

8 Income tax expense

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	-
Deferred tax		
Origination and reversal of temporary differences	(384,965)	-
Total tax (credit)	(384,965)	-

8 Income tax expense (continued)

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

	2019	2018
	£	£
Profit before taxation	71,464	1,208,768
Expected tax charge based on a corporation tax rate of 19.00%	13,578	229,666
Effect of expenses not deductible in determining taxable profit	12,420	86,865
Income not taxable	-	(142,679)
Unutilised tax losses carried forward	(430,255)	-
Permanent capital allowances in excess of depreciation	(9,852)	-
Adjust deferred tax to average rate of 19%	45,290	-
Depreciation and amortisation	2,903	822
Short term differences	(19,049)	-
Utilisation of tax losses brought forward	-	(174,674)
Taxation credit for the year	(384,965)	-

9 Intangible assets

	Software
	£
Cost	
At 1 July 2017	4,550
Additions	7,498
Disposals	(4,550)
At 30 June 2018	7,498
At 30 June 2019	7,498
Amortisation and impairment	
At 1 July 2017	2,633
Charge for the year	2,802
Eliminated on disposals	(4,550)
At 30 June 2018	885
Charge for the year	3,749
At 30 June 2019	4,634
Carrying amount	
At 30 June 2019	2,864
At 30 June 2018	6,613
At 30 June 2017	1,917

10 Property, plant and equipment

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2017	-	1,435	15,046	16,481
Additions	-	925	-	925
Disposals	-	(1,435)	(9,136)	(10,571)
At 30 June 2018	-	925	5,910	6,835
Additions	69,803	30,951	17,575	118,329
At 30 June 2019	69,803	31,876	23,485	125,164
Accumulated depreciation and impairment				
At 1 July 2017	-	1,435	13,838	15,273
Charge for the year	-	318	1,208	1,526
Eliminated on disposal	-	(1,435)	(9,136)	(10,571)
At 30 June 2018	-	318	5,910	6,228
Charge for the year	6,527	4,899	3,851	15,277
At 30 June 2019	6,527	5,217	9,761	21,505
Carrying amount				
At 30 June 2019	63,276	26,659	13,724	103,659
At 30 June 2018	-	607	-	607
At 30 June 2017	-	-	1,208	1,208

11 Investments

	2018	2017
	£	£
Investments in subsidiary	0.08*	0.08*

Subsidiary undertaking	Country of incorporation (or residence)	Proportion of ownership interest (%)	Nature of business
Alquity (Asia) Limited	Hong Kong	100.00%	Marketing services

*The company has a holding of less than 50p in the subsidiary, and will therefore appear as £nil in the Statement of Financial Position due to rounding.

12 Trade and other receivables

	Current	
	2019	2018
	£	£
Trade receivables	219,193	393,688
Other receivables	659,519	229,119
VAT recoverable	49,883	31,283
Amount owed by parent undertaking	1,049,055	653,176
Amounts owed by fellow group undertakings	701,275	689,405
Prepayments	398,922	353,833
	3,077,847	2,350,504

Included within Trade and other receivables is £701,275 (2018: £689,405), which is expected to be recovered in more than 12 months.

13 Trade and other payables

	Current		Non-current	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	147,725	120,239	-	-
Accruals	447,006	374,163	-	-
Social security and other taxation	59,574	242,212	-	-
Other payables	331,584	290,548	60,853	250,649
	985,889	1,027,162	60,853	250,649

14 Deferred taxation

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

	Tax losses
	£
Deferred tax liability at 1 July 2017 and 1 July 2018	-
Deferred tax movements in current year	
Credit to profit or loss	(384,965)
Deferred tax liability at 30 June 2019	-
Deferred tax asset at 30 June 2019	(384,965)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019	2018
	£	£
Deferred tax assets	(384,965)	-

15 Contingent Liabilities

As at 30 June 2019 the company had a contingent liability of £462,932 in relation to the company's capacity as a guarantor on an operating lease.

16 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
417,392,700 of 1p each	4,173,927	4,173,927

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

17 Capital risk management

The company's primary objectives when managing capital are to safeguard the company's ability to continue as a going concern, so that it can 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 company is part of a larger group, the company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The company defines capital as including all components of equity. Accordingly, the capital balance as at 30 June 2019 is £2,698,268 (2018: £2,241,839).

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

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

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

The company complied with the requirement at all times during the year.

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

18 Related party transactions

Other transactions with related parties

The company considers transactions with its senior management as related party transactions. Senior management are considered to be directors of Alquity Investment Management Limited who manage the main operating activities of the company. Except for the emoluments disclosed in note 6, there are no transactions, arrangements and agreements made for persons who were directors of Alquity Investment Management Limited during the year.

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

a) The company received fee income of £822,471 (2018: £513,133) from Alquity Group Limited, a company under common control. There is £nil (2018: £nil) outstanding from Alquity Group Limited at 30 June 2019. The company also has a loan balance due from Alquity Group Limited totalling £701,275 (2018: £689,405) at 30 June 2019. No interest is charged on this loan.

b) The company paid fees to cover operating expenses of Alquity (Asia) Limited, a subsidiary company, of £nil (2018: £750,940). There is £21,057 (2018: £21,057) outstanding from Alquity (Asia) Limited at 30 June 2019. Dividend income of £nil (2018: 750,940) was declared at the year end.

c) The company received fee income of £2,313,811 (2018: £4,200,611) from Alquity SICAV, a company of which Paul Robinson is also a director. There is £32,709 (2018: £221,582) outstanding from Alquity SICAV at 30 June 2019.

d) There is £1,049,055 (2018: £653,176) outstanding from Alquity UK Limited, the immediate and ultimate parent entity, at 30 June 2019.

19 Controlling party

The immediate and ultimate parent entity is Alquity UK Limited, by virtue of its 100% shareholding in the company. The ultimate controlling party is considered to be Paul Robinson. Alquity UK Limited prepares consolidated accounts, into which Alquity Investment Management Limited is consolidated. Copies of the accounts are available from the registered office; 3rd Floor, 9 Kingsway, London, WC2B 6XF.

20 Cash generated from operations

	2019	2018
	£	£
Profit for the year after tax	456,429	1,208,768
Adjustments for:		
Taxation credited	(384,965)	-
Investment income	-	(750,940)
Amortisation and impairment of intangible assets	3,749	2,802
Depreciation and impairment of property, plant and equipment	15,277	1,526
Movements in working capital:		
Increase in trade and other receivables	(727,343)	(1,094,307)
(Decrease)/increase in trade and other payables	(231,069)	849,525
Cash (absorbed by)/generated from operations	(867,922)	217,374