Company Registration No. 06020476 (England and Wales)

Alquity Investment Management Limited

Annual report and financial statements
for the year ended 30 June 2018

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Alquity Investment Management Limited

Company information

Directors	Paul Robinson Christopher Wehbe
Company number	06020476
Registered office	3 Waterhouse Square 138 - 142 Holborn London EC1N 2SW
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 2018.

Review of the business

In 2010, we set out on a journey to build a different type of investment management business. Alquity's operating model is built around a Virtuous Circle, based around 3 interconnected pillars:

- Attractive Returns – generate strong returns from investors with a non-benchmarked approach to stock selection;
- Responsible Investment – we use forward-looking ESG (Environmental, Social and Governance) analysis to enhance our long-term returns, whilst minimising volatility and risk. This approach means we have a greater understanding of the companies we invest in;
- Transforming Lives – we donate 10% of our management fees from our SICAV funds and Separately Managed Account to support micro-finance in the areas we invest in. This provides a hand-up to these communities at no-cost to our investors, and also generates economic stimulus for these same economies over the long term.

Our focus remains centred around this Virtuous Circle and the progress we have made demonstrates that Responsible Capitalism is a viable concept.

Fund AUM has grown significantly through the Financial Year

Assets Under Management (AUM) for the Alquity SICAV at 30 June 2018 was $268.2m, representing an increase of $79.5m over the 12-month period. In addition, the separately managed account for a large US Pension Fund was $92.7m as of year end. The business has also added a new diversified revenue stream with the addition of management fees for Sub Advisory services to SGF SPC, a Cayman segregated Portfolio Company. The AUM for these entities was $93.07m as of 30th June 2018. Finally, the company is still sub advisor to the SGI legacy funds with a total AUM of $6.6m, which are slowly reducing in size but still add additional revenue.

Total AUM for the business now stands at $460.6m as of 30th June 2018. This represents an increase in assets of over $160m over the prior year end.

Performance has been positive for the all SICAV funds, except Latin America which recorded a negative performance. Please see below for further details on each sub fund.

Alquity Africa sub-fund

Africa offers a good investment opportunity for long-term investors who will be able to avoid the biggest risks and pitfalls. The region is expected to have the largest working-age population in the world by 2034 and will soon have the fastest urbanisation rate in the world with 190mn people set to move from rural areas to cities in the next decade. However, the speed of development and the pace at which those evolutions occur will be very unequal from country to country.

The rebalancing of the Chinese economy, the lack of diversification, the volatility in oil and commodity prices, weak economic confidence induced by political instability and the weakness of institutions of some African countries, combined with sluggish growth impacted negatively the performance of African equity markets in the seven years to June 30, 2018. The 12 months to 29th June 2018 was a mildly positive one for the broad African markets with the MSCI South Africa and MSCI EFM Africa ex South Africa delivering a total return of 3.4% and 1.5% in USD terms, respectively. Three out of the top four largest countries experienced positive equity market performance in USD terms over the period: 7.6% in South Africa, 0.6% in Nigeria, 32.1% in Egypt and -6.3% in Kenya (all in USD). The macroeconomic challenges investors face in Africa are of a different nature: capital controls, currency devaluation, parallel FX markets and persistently high inflation. Valuations more than reflect these challenges and fail to reflect the long-term potential of the continent. For example, Egypt devalued its currency by the 50% in November of 2016 and are implementing a structural reform agenda supported by an IMF package, which will help rebalance the economy and prepare it for sustainable economic growth. The market is not pricing in the ability of governments to take action and pass structural reforms.

As a consequence, the fund has low exposure to materials and low exposure to financials, while focusing on companies with a higher visibility of earnings growth outlook and strong execution capabilities. It is in South Africa that we find most of those companies. On a country basis the fund favours countries with both reliable and improving institutions and/or responsible governments who have laid down a clear agenda of structural reforms to underpin long-term sustainable growth. Countries like Egypt, Morocco, Botswana, Senegal or Tunisia fall into this category.

During the last twelve months, the Net Asset Value (NAV) for the US$ I Class has increased by 2.02% from US $75.19 as at June 30, 2017 to US$76.71 at June 29, 2018. The Assets under Management (AUM) has suffered over the last 12 months facing a drop of 7.19% from US$35.6m at June 30, 2017 to US$33.04m at June 29, 2018. However, this has been due mostly to the impact of investor net redemptions.

In terms of the fund, as at June 29, 2018, the portfolio contained thirty-two holdings. Over the period, eight new stocks were added and six stocks were sold. Following these changes, at June 29, 2018, the fund had exposure to eight countries and fourteen sectors.

Alquity Indian Subcontinent sub-fund

India continues to be one of the strongest transformation stories across all of emerging markets. The BJP government, led by Prime Minister Narendra Modi, is now preparing for elections held in April or May 2019. The BJP-led coalition is the first government to hold a majority in India's lower house of parliament since 1984, which has enabled the Prime Minister to deliver economic reforms at a pace never seen before in India. As well as measures to encourage greater foreign investment, promote financial inclusion and subsidy reforms, the government's trophy piece of legislation has been the Goods and Services Tax (GST). The GST unites India as a single common tax market for the first time, removing a series of inter-state taxes and relieving companies of cascading tax burdens. The efficiency savings of the GST alone are thought to be worth up to an additional two percentage points of GDP growth per year.

The macroeconomic outlook remains favourable, with strong cyclical tailwinds. Although the central bank of India has embarked on a tightening cycle, which may continue in the coming quarters, the economy is strong enough to shake off any adverse impacts stemming from higher interest rates. We maintain a positive outlook for the long-term growth prospects for the Indian economy.

Bangladesh continues to enjoy a period of relative political stability and robust economic growth, with the domestic law and order situation remaining largely subdued. The economy continues to grow at around 7% per year, with investments and household consumption among the most important drivers.

The investment case and economic growth prospects for Pakistan remained lacklustre over the last year, with current account and fiscal deficits causing a depletion of foreign reserves to just three months of import coverage, whilst the currency was devalued about 15% vs. the USD. The market went through a significant correction period though and is yet to bounce, market participants have been waiting for the new government to form a coalition and start the reforms that address that Pakistani economy's structural deficiencies. If the economic management of the country can be rationalised, we envisage a situation where the risk reward becomes compelling enough for us to re-enter the market.

The NAV of the Indian Subcontinent US$ M Class increased 10.06% over the period from US$157.10 at June 30, 2017 to US$172.90 at June 29, 2018. The AUM has also grown 145.55% from US$29.6m to US$72.6m in the twelve months to June 29, 2018.

In terms of the fund, as at June 29, 2018, the portfolio contained twenty-seven holdings. Over the period, five new stocks were added and ten stocks were sold.

Alquity Latin America sub-fund

The year ending June 2018 for the Latin America equity asset class has been a difficult period. Markets have been volatile due to the political noise in Brazil and Mexico and the intensifying worries related to Argentina's ability to service its debt. On the bright side, the Chilean, Peruvian and Colombian economies fared rather well, which in turn boosted their respective markets.

Brazilian business confidence and financial market sentiment was negatively impacted by the inability of President Temer to implement any meaningful reforms, since he and his party lost the support of other parties due to a political scandal in May 2017. As a result, the Temer-led government could not tackle the remaining issues, such as the unsustainable social security system or other fiscal leakages. Due to the paralysed government and the uncertainties regarding the outcome of elections in October 2018, Brazilian financial markets became jittery, which was reflected in the currency as well as in the stock index performance.

A review of the region's equity markets represented by their respective country index over the last year shows that Peru, Colombia and Chile performed very well between 31st June 2017 and 29th June 2018, as the indices rose 21.3%, 19.8% and 13.5%, respectively (all in USD terms). In contrast, the Argentine, Mexican and Brazilian markets underperformed.

During this period, although the fund decreased exposure to Brazil, it remained our largest country allocation followed by Chile, Peru, Colombia and Mexico. A mix of structural and cyclical tailwinds underpins our investment analysis providing us conviction regarding our country allocation. Undemanding valuations, high quality companies and the bottoming of the economic and political cycles in Chile make it a stable weight in the portfolio since inception. Exposure to Brazil was increased throughout the year after our research and growing conviction on its reform-driven growth outlook. This was funded by decreasing exposure to Mexico, due to the impact of rising rates, the likely negative medium-term impact of a NAFTA re-negotiation, and increased risk of populist measures by incoming President AMLO.

The NAV of the Latin America US$ M Class decreased 9.28% over the period from US$95.11 at June 30, 2017 to US$86.28 at June 29, 2018. AUM has decreased 10.8% from US$36.9m to US$32.9m in the twelve months to June 29, 2018.

In terms of the fund, as at June 29, 2018, the portfolio contained twenty-five holdings. Over the period, four new stocks were added, and ten stocks were sold. Following these changes, at June 29, 2018, the fund had exposure to five countries and fifteen sectors.

Alquity Asia sub-fund

The Chinese and Indian economies have continued to perform strongly during 2018, in spite of the global trade tensions generated by US President Trump. Although the US President raised significant trade barriers against Chinese goods flowing to the US, the Chinese economy has been resilient thus far thanks to the pro-active and supportive policies engineered by the Chinese authorities. In our opinion, the Chinese government and central bank will return to the previously set policy themes of deleveraging, cracking down on the shadow banking and cutting excess capacity in steel and coal mining, once trade-related tensions abated.

Frontier Markets have continued to provide some of the best growth opportunities in Asia. Vietnam's GDP growth rate remains between 6 and 7%, whilst foreign direct investment inflows were sustained at high levels. Bangladesh continues to enjoy a period of relative political stability and robust economic growth, with the domestic law and order situation remaining largely subdued. The economy continues to grow at around 7% per year, with investments and household consumption among the most important drivers.

The NAV of the Asia US$ M Class increased 3.58% over the period from US$110.45 at June 30, 2017 to US $114.40 at June 29, 2018. The AUM has also grown 23.5% from US$63.3m to US$78.2m in the twelve months to June 29, 2018.

In terms of the fund, as at June 29, 2018, the portfolio contained forty-one holdings. Over the period, fourteen new stocks were added, and twenty stocks were sold. Following these changes, at June 29, 2018, the fund had exposure to eleven countries and thirteen sectors, including the addition of Malaysia.

Alquity Future World sub-fund

The year ending June 2018 for the Future World fund ended with the largest exposure to the Asian region, followed by African and Latin American regions respectively.

Frontier markets continue to offer some of the world's fastest GDP growth rates, translating in many cases to excellent growth prospects for local companies. Due to their reliance on domestically-driven growth factors, led by urbanisation and demographic trends, many frontier markets continue to enjoy a degree of isolation from the vagaries of global financial markets and volatility of international trade.

Over the twelve-month period to the end of June 2018, the MSCI Emerging Market index rose 5.8%, while the MSCI Frontier Market index edged down 1.9%. The strongest markets expressed in USD were: Vietnam, Chinese "H" shares, Taiwan, India, Colombia, Peru, Chile and Egypt. Brazil, Mexico, Argentina, Indonesia and the Philippines were among the largest under-performers.

Going Concern

The Company has now had two profitable years in a row and has further built on the foundations from the previous year to ensure that we are in a strong enough financial positions to weather any upcoming storms.

The company's future performance in the markets in which it operates will be influenced by macro-economic financial, credit and liquidity conditions which are generally outside of the company's control. The directors recognise that the economic outlook can present challenges in terms of new subscriptions to the funds and growth in the value of assets under management. The directors are continually instituting measures to preserve cash and ensure expenditure is made within the framework of sound financial management.

The NAV of the Future World US$ M Class rose by 5.04% over the period from US$91.22 at June 30, 2017 to US$95.82 at June 29, 2018. Increased marketing support has helped the fund's AUM growth by 119.7% from US$23.4m to US$51.4m in the twelve months to June 29, 2018.

In terms of the fund, as at June 29, 2018, the portfolio contained forty-seven holdings. Over the period, nineteen new stocks were added, and fifteen stocks were sold after a rebalance of the portfolio to capture the growth potential in Asia and reducing exposure to Africa and Latin America. Following these changes, at June 29, 2018, the fund had exposure to fourteen countries and seventeen sectors.

Transforming lives remains at the core of our business model

The Investment Manager, Alquity Investment Management Ltd, receives a management fee and annual performance fees from the SICAV and Management Fees from the Segregated Mandate. A proportion of these fees are donated to recognised charity partners through the Transforming Lives programme to support microfinance, education and training initiatives in the geographic regions represented by stocks in the fund.

Since inception, Alquity Investment Management has transformed the lives of 19,771 people directly and a further 40,942 are indirectly impacted.

Further information regarding the financial position of the company, its cash flows and liquidity position are described in the notes to the financial statements on pages 16 to 30.

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.

Final thoughts
2017/18 has been an excellent year for the company where we have built on the foundations from the previous year and in addition managed to diversify our management fees with the SGF SPC product so that our exposure to the cyclical nature of Emerging Markets has been reduced.

Assets under Management have continued to grow and performance fees for the year have left the company with a strong balance sheet. We are pleased with the progress made and believe our focus on our core investment process, excellent investor communication and a strategy orientated around building future pipeline has set Alquity up well to capitalise on improved level of new subscriptions.

The Alquity team remain engaged and committed and have delivered significant improvement to our Investment and Operational processes during the year. Whilst we are delighted to have successfully executed our plans to further our profitably during the last financial year, our key priority remains to build this to a level of true sustainability through any cycle, which we feel we are very well placed to achieve.

On behalf of the board

Paul Robinson
Director
22 October 2018

The directors present their annual report and financial statements for the year ended 30 June 2018.

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 12.

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	

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
22 October 2018

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 2018 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 2018 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

22 October 2018

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 2018

	Notes	2018 £	2017 £
Revenue	3	5,271,373	2,701,853
Cost of sales		(1,034,055)	(524,766)
Gross profit		4,237,318	2,177,087
Administrative expenses		(3,779,490)	(2,017,024)
Operating profit	4	457,828	160,063
Investment revenues		750,940	-
Profit before taxation		1,208,768	160,063
Income tax expense	7	-	-
Profit and total comprehensive income for the year		1,208,768	160,063

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 2018

	Notes	2018 £	2017 £
Non-current assets			
Intangible assets	8	6,613	1,917
Property, plant and equipment	9	607	1,208
		7,220	3,125
Current assets			
Trade and other receivables	11	2,350,504	1,256,197
Cash and cash equivalents		1,161,926	202,035
		3,512,430	1,458,232
Total assets		3,519,650	1,461,357
Current liabilities			
Trade and other payables	12	1,027,162	428,286
Net current assets		2,485,268	1,029,946
Non-current liabilities			
Trade and other payables	12	250,649	-
Total liabilities		1,277,811	428,286
Net assets		2,241,839	1,033,071
Equity			
Called up share capital	13	4,173,927	4,173,927
Share premium account		39,960	39,960
Retained earnings		(1,972,048)	(3,180,816)
Total equity		2,241,839	1,033,071

The financial statements were approved by the board of directors and authorised for issue on 22 October 2018 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 2018

	Notes	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
Balance at 1 July 2016		3,973,927	39,960	(3,340,879)	673,008
Profit and total comprehensive income for the year		-	-	160,063	160,063
Issue of share capital	13	200,000	-	-	200,000
Balance at 30 June 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

Alquity Investment Management Limited

Statement of cash flows
For the year ended 30 June 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	**17**		217,374		(23,642)
Net cash inflow/(outflow) from operating activities			217,374		(23,642)
Investing activities					
Purchase of intangible assets		(7,498)		-	
Purchase of property, plant and equipment		(925)		-	
Dividends received		750,940		-	
Net cash generated from/(used in) investing activities			742,517		-
Financing activities					
Proceeds from issue of shares		-		200,000	
Net cash (used in)/generated from financing activities			-		200,000
Net increase in cash and cash equivalents			959,891		176,358
Cash and cash equivalents at beginning of year			202,035		25,677
Cash and cash equivalents at end of year			1,161,926		202,035

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 3 Waterhouse Square, 138 - 142 Holborn, London, EC1N 2SW.

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.

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 July 2018 or later periods, but the company has decided not to early adopt them. The directors do not anticipate that the adoption of these standards and interpretations would have a material impact on the financial statements in the period of initial application, although there will be revised and additional disclosures. The company plans to apply these standards in the reporting period in which they become effective. The new standards and interpretations include:

- IFRS 9 - Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from contracts with Customers including amendments to IFRS 15 (effective for annual periods beginning on or after 1 January 2018)
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)
- Annual improvements 2015-2017 cycle (effective for annual periods beginning on or after 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2019)

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 Accounting policies (continued)

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.

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.

1.5 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

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in 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.

1.9 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 classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

1 Accounting policies (continued)

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

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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.

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 Accounting policies (continued)

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.

1.13 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 Accounting policies (continued)

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 3 Waterhouse Square, 138 - 142 Holborn, London, England, EC1N 2SW.

2 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.

3 Revenue

Geographical breakdown

	2018	2017
	£	£
Revenue analysed by class of business		
Cayman Islands	513,133	281,902
Luxembourg	4,200,611	2,101,830
United Kingdom	519	44,287
United States of America	557,110	273,834
	5,271,373	2,701,853

	2018	2017
	£	£
Other significant revenue		
Dividends received	750,940	-

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	30,121	13,904
Depreciation of property, plant and equipment	1,526	3,509
Loss on disposal of property, plant and equipment	-	244
Amortisation of intangible assets	2,802	2,275
Loss on disposal of intangible assets	-	116
Donation on SICAV income	403,558	159,730
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's financial statements	21,000	17,000
Fees payable to the company's auditors for taxation services	9,000	3,000

5 Employees

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

	2018 Number	2017 Number
	17	17

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,015,234	1,131,283
Social security costs	214,494	132,704
Pension costs	25,533	17,116
	2,255,261	1,281,103

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	319,181	280,042
Company pension contributions to defined contribution schemes	12,000	12,000
	331,181	292,042

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

Remuneration for qualifying services	230,194	111,659
Company pension contributions to defined contribution schemes	12,000	12,000

7 Income tax expense

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Total tax charge	-	-

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

	2018	2017
	£	£
Profit before taxation	1,208,768	160,063
Expected tax charge based on a corporation tax rate of 19.00%	229,666	31,612
Effect of expenses not deductible in determining taxable profit	86,865	616
Income not taxable	(142,679)	-
Depreciation and amortisation	822	1,142
Utilisation of tax losses brought forward	(174,674)	(33,370)
Taxation charge for the year	-	-

8 Intangible assets

	Software
	£
Cost	
At 1 July 2016	74,636
Disposals	(70,086)
At 30 June 2017	4,550
Additions - purchased	7,498
Disposals	(4,550)
At 30 June 2018	7,498
Amortisation and impairment	
At 1 July 2016	70,328
Charge for the year	2,275
Eliminated on disposals	(69,970)
At 30 June 2017	2,633
Charge for the year	2,802
Eliminated on disposals	(4,550)
At 30 June 2018	885
Carrying amount	
At 30 June 2018	6,613
At 30 June 2017	1,917
At 30 June 2016	4,308

9 Property, plant and equipment

	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 July 2016	61,044	19,892	46,644	127,580
Disposals	(61,044)	(18,457)	(31,598)	(111,099)
At 30 June 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
Accumulated depreciation and impairment				
At 1 July 2016	61,044	19,892	41,683	122,619
Charge for the year	-	-	3,509	3,509
Eliminated on disposal	(61,044)	(18,457)	(31,354)	(110,855)
At 30 June 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
Carrying amount				
At 30 June 2018	-	607	-	607
At 30 June 2017	-	-	1,208	1,208
At 30 June 2016	-	-	4,961	4,961

10 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.

11 Trade and other receivables

	Current	
	2018	2017
	£	£
Trade receivables	393,688	190,599
Other receivables	229,119	28,029
VAT recoverable	31,283	32,232
Amount due from parent undertaking	653,176	238,513
Amounts due from fellow group undertakings	689,405	517,790
Prepayments	353,833	249,034
	2,350,504	1,256,197

Included within Trade and other receivables is £689,405 (2017: £517,790), which is expected to be recovered in more than 12 months.

12 Trade and other payables

	Current		Non-current	
	2018	2017	2018	2017
	£	£	£	£
Trade payables	120,239	63,182	-	-
Accruals	374,163	245,104	-	-
Social security and other taxation	242,212	51,220	-	-
Other payables	290,548	68,780	250,649	-
	1,027,162	428,286	250,649	-

13 Share capital

	2018	2017
	£	£
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.

14 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 2018 is £2,241,839 (2017: £1,033,071).

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.

15 Related party transactions

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 £513,133 (2017: £281,902) from Alquity Group Limited, a company under common control. There is £nil (2017: £14,055) outstanding from Alquity Group Limited at 30 June 2018. The company also has a loan balance due from Alquity Group Limited totalling £689,405 (2017: £517,790) at 30 June 2018. No interest is charged on this loan.

b) The company paid fees to cover operating expenses of Alquity (Asia) Limited, a subsidiary company, of £750,940 (2017: £nil). There is £21,057 (2017: £22,896) outstanding from Alquity (Asia) Limited at 30 June 2018. Dividend income of £750,940 (2017: nil) was declared at the year end.

c) The company received fee income of £4,198,145 (2017: £2,102,003) from Alquity SICAV, a company of which Paul Robinson is also a director. There is £221,582 (2017: £187,607) outstanding from Alquity SICAV at 30 June 2018.

d) There is £653,176 (2017: £238,513) outstanding from Alquity UK Limited, the immediate and ultimate parent entity, at 30 June 2018.

16 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; 3 Waterhouse Square, 138 - 142 Holborn, London, EC1N 2SW.

17 Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	1,208,768	160,063
Adjustments for:		
Investment income	(750,940)	-
(Gain)/loss on disposal of property, plant and equipment	-	244
(Gain)/loss on disposal of intangibles	-	116
Amortisation and impairment of intangible assets	2,802	2,275
Depreciation and impairment of property, plant and equipment	1,526	3,509
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(1,094,307)	460,522
Increase/(decrease) in trade and other payables	849,525	(650,371)
Cash generated from/(absorbed by) operations	217,374	(23,642)