

Company Registration No. 06020476 (England and Wales)

Alquity Investment Management Limited

**Annual report and financial statements
for the year ended 30 June 2022**

Alquity Investment Management Limited

Company information

Directors	Paul Robinson Robert Crombie Francisco Almada
Company number	06020476
Registered office	3rd Floor 9 Kingsway London WC2B 6XF
Independent auditors	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

Alquity Investment Management Limited

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Alquity Investment Management Limited

Strategic report

For the year ended 30 June 2022

The directors present the strategic report for the year ended 30 June 2022.

Fair review of the business

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

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

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

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

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

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

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

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

Alquity Investment Management Limited

Strategic report (continued)

For the year ended 30 June 2022

The year to the end of June 2022 has been very challenging with reported losses of £431,994 as of 30 June 2022.

Despite this, Alquity Investment Management Limited's (Alquity) commercial prospects continue to grow, and the investment performance of the funds managed by Alquity remains solid. Our 3 core GEM funds are now either 1st or 2nd quartile over 2 years and we expect all three will be in a similar quartile over 3Y in 12 months' time. The energy sector has been the key headwind, appreciating c. 25+% in 2022 so far.

We have also focused on building on improved sustainability standards. In this respect, the latest AFNOR audit was completed with no minor non-conformities and stronger language backing our sustainable investment approach.

Furthermore, all GEM funds now qualify as Article 8 for SFDR purposes and GIF qualifies as Article 9. This is a testament to our ESG and Impact credentials.

However, the AUM has declined materially over the past year. Most of the loss of AUM is attributable to the significantly weaker market environment caused by the twin crises of spiking inflation and Russia's actions in Ukraine.

Despite the decline in AUM, we can report many highlights over the course of the last year.

- Alquity's SICAV assets under management (AUM) reached \$150mn in Q3 2021 before declining to a level of c. \$120mn in February. Prior to the Ukraine conflict, we were seeing healthy net inflows into the funds managed by Alquity through the start of the year. However, the uncertainty caused by the war has led to heightened investor caution. AUM has reduced further to \$103mn as of 30 June 2022. This remains well below AUM levels seen in 2018 and continues to be held back by weak markets. Many clients now have very high levels of cash, which they will put back into the markets when the situation improves. This will be a significant opportunity for us.
- In calendar Q1 2022, Alquity signed an agreement with Spouting Rock Asset Management LLC (SRAM) to sell additional equity capital in Alquity UK Limited for £1.5mn. As of 30 June 2022, the first two tranches representing c.£800,000 had been deposited and we expect further tranches totaling £700,000 in the coming months.
- After signing two distribution agreements (first, we agreed to create a US joint venture entity and distribution agreement with SRAM covering the domestic US market; second, we signed a third-party marketing agreement with Haven Green Partners to market Future World and Global Impact Fund in selected European and Latin American countries) we are pleased to see both organisations gaining traction with institutional prospects.
- One of our existing clients, (a French private bank) took a step closer to becoming a strategic partner by granting our strategies wider access to their in-house platforms.
- Through this period of turmoil, the organisations and businesses we have backed through Transforming Lives, such as Phool and Gjenge Makers, continue to flourish.

Alquity Investment Management Limited

Strategic report (continued)

For the year ended 30 June 2022

- As mentioned above, the investment performance of the funds managed by Alquity for the year to the end of June 2022 was solid despite extremely difficult market conditions. Delivering above average peer performance is an important component to gaining recognition as a leading investment manager. 2022's performance year continued to see heightened macro volatility with tremendous implications not just for stocks and sectors, but for ESG and Impact investing as well. Despite this, our performance has tracked well against most of our competitors. Looking ahead, we remain defensive going into 2022/2023. Nevertheless, our investment team remains in good shape to provide alpha opportunities.
- Lastly, we are pleased to report that our partnership with the Manco of Alquity SICAV, East Capital Asset Management, which includes having access to their administrator and depositary platform, is working very well.

Throughout this period, Alquity has remained true to its origins and purpose: to change the way the world invests by building a bridge between public markets and impact. Alquity's virtuous circle continues to be one of the only investment businesses dedicated to using impact investing as a tool to transform people's lives as well as improving the way our industry and society allocates capital.

Development and performance

In relation to distribution, scaling our ESG and Impact strategies remains our top objective, however this has been slow since the end of COVID. The Ukraine conflict has set sales efforts back again after some positive flow in Q4 2021 and early 2022. Our sales team is highly experienced and with our new European sales director developing new prospects, traction has improved, however we have not delivered meaningful net flows.

Finally, market conditions for Global and Emerging Market Equities will remain challenging for the rest of the year. This undermines our best efforts to gain scale.

Having outlined the challenges which have frustrated our efforts to grow our AUM, we see many opportunities that can deliver the scale we desire:

- UK-based fund advisors are growing more positive with us winning several new clients and initial inflows, which we believe can grow alongside their advised client base.
- Our sales team is also gaining traction with institutional prospects in Europe and North America.

In Europe, fund platforms have placed SFDR article 8 and article 9 strategies at the centre of their allocations. This places Alquity funds at a distinct advantage over many of our industry peers.

Alquity Investment Management Limited

Strategic report (continued)

For the year ended 30 June 2022

Principal risks and uncertainties

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

Credit risk

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

Liquidity risk

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

Interest rate risk

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

Foreign currency risk

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

Other information and explanations

Lastly, as a post-balance sheet event, we can also report the approval at the end of September, to increase the share capital of Alquity UK Limited, the parent company of Alquity, in the amount of £1.5m. This was achieved through the swap of debt held by Alquity Group Limited for shares in Alquity UK Limited. The main purpose of this was to strengthen the capital requirement ratios of the Alquity group in light of the new FCA regulatory capital rules.

For these reasons we look forward to the next 12 months with confidence, despite the challenging market conditions, with far greater capacity to achieve scale, benefitting our clients and shareholders, and transforming more lives.

On behalf of the board

Paul Robinson

Director

24 October 2022

Alquity Investment Management Limited

Directors' report

For the year ended 30 June 2022

The directors present their annual report and financial statements for the year ended 30 June 2022.

Principal activities

The principal activities of the company continued to be that of the provision of sales and marketing services for Alquity Group and the provision of investment management and distribution services to the Alquity SICAV, specifically its Alquity Fund.

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a 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
Robert Crombie
Francisco Almada

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 15 day's purchases, based on the average daily amount invoiced by suppliers during the year.

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

24 October 2022

Alquity Investment Management Limited

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 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

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

Alquity Investment Management Limited

Independent auditor's report (continued)

To the members of Alquity Investment Management Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the 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.

Alquity Investment Management Limited

Independent auditor's report (continued)

To the members of Alquity Investment Management Limited

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.

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

Identifying and assessing risks related to irregularities:

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

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

Audit response to risks identified

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

Alquity Investment Management Limited

Independent auditor's report (continued)

To the members of Alquity Investment Management Limited

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

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

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

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

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

24 October 2022

Chartered Accountants
Statutory Auditors

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

Alquity Investment Management Limited

**Statement of comprehensive income
For the year ended 30 June 2022**

		2022	2021
	Notes	£	£
Revenue	3	1,552,298	873,378
Cost of sales		(277,219)	(275,172)
Gross profit		1,275,079	598,206
Other operating income		325,544	124,261
Administrative expenses		(2,033,169)	(1,810,837)
Operating loss	4	(432,546)	(1,088,370)
Finance costs	7	552	(14,416)
Loss before taxation		(431,994)	(1,102,786)
Income tax expense	8	-	-
Loss and total comprehensive income for the year		(431,994)	(1,102,786)

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 2022

		2022	2021
		£	as restated
	Notes		£
Non-current assets			
Property, plant and equipment	10	159,129	99,318
Deferred tax asset	15	384,965	384,965
		<u>544,094</u>	<u>484,283</u>
Current assets			
Trade and other receivables	12	4,607,888	4,088,148
Cash and cash equivalents		190,045	557,482
		<u>4,797,933</u>	<u>4,645,630</u>
Total assets		<u>5,342,027</u>	<u>5,129,913</u>
Current liabilities			
Trade and other payables	13	1,068,268	1,154,814
Obligations under finance leases	14	130,654	-
		<u>1,198,922</u>	<u>1,154,814</u>
Net current assets		<u>3,599,011</u>	<u>3,490,816</u>
Total liabilities		<u>1,198,922</u>	<u>1,154,814</u>
Net assets		<u>4,143,105</u>	<u>3,975,099</u>
Equity			
Called up share capital	16	7,585,795	7,585,794
Share premium account		639,959	39,960
Retained earnings		(4,082,649)	(3,650,655)
Total equity		<u>4,143,105</u>	<u>3,975,099</u>

The financial statements were approved by the board of directors and authorised for issue on 24 October 2022 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 2022**

		Share capital	Share premium account	Retained earnings	Total
	Notes	£	£	£	£
Balance at 1 July 2020		4,525,794	39,960	(2,547,869)	2,017,885
Loss and total comprehensive income for the year		-	-	(1,102,786)	(1,102,786)
Issue of share capital	16	3,060,000	-	-	3,060,000
Balance at 30 June 2021 as restated		7,585,794	39,960	(3,650,655)	3,975,099
Loss and total comprehensive income for the year		-	-	(431,994)	(431,994)
Issue of share capital	16	1	599,999	-	600,000
Balance at 30 June 2022		7,585,795	639,959	(4,082,649)	4,143,105

Alquity Investment Management Limited

**Statement of cash flows
For the year ended 30 June 2022**

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash absorbed by operations	23	(929,406)	(2,382,106)
Interest paid		552	(14,416)
Net cash outflow from operating activities		(928,854)	(2,396,522)
Investing activities			
Purchase of property, plant and equipment		(1,843)	(9,249)
Net cash used in investing activities		(1,843)	(9,249)
Financing activities			
Proceeds from issue of shares		600,000	3,060,000
Payment of finance leases obligations		(36,740)	(187,327)
Net cash generated from financing activities		563,260	2,872,673
Net (decrease)/increase in cash and cash equivalents		(367,437)	466,902
Cash and cash equivalents at beginning of year		557,482	90,580
Cash and cash equivalents at end of year		190,045	557,482

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. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

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

The financial statements 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 3.

1.2 Going concern

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

In particular, a significant proportion of the company's revenue is linked to the performance of funds in emerging markets which are inherently volatile, creating some uncertainty in the forecasting process. During the year, this has resulted in a loss totalling £431,994 (2021: £1,102,786).

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

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

1 Accounting policies (continued)

1.3 Revenue

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

— Initial Fee income

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

— Ongoing Fee income

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

— Investment management

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

— Interest income

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

1.4 Property, plant and equipment

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

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

Right of use asset	Life of the lease
Leasehold improvements	5 years
Fixtures and fittings	2 years
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 Accounting policies (continued)

1.5 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.

1.6 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. The resulting calculations under IFRS 13 affected the principles that the company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. 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.

1.7 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.

1.8 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.

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

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.

1.9 Financial liabilities

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

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

1 Accounting policies (continued)

1.10 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.

1.11 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.

1.12 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)

1.13 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.

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date.

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

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

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

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

1.15 Grants

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

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

1 Accounting policies (continued)

1.16 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.

1.17 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, a company incorporated in the United Kingdom, 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 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.

Critical judgements

IFRS 9 - Expected credit losses

The directors have judged expected credit losses associated with trade receivable balances to be low risk and simple in nature, due to both the relatively low risk profile of the majority of the company's clients.

Amounts recoverable from related party undertakings are repayable on demand. The directors have assessed different scenarios relating to the recoverability and possibility of default from the amount recoverable from subsidiary undertakings. The directors assessed expected future cash flows compared to the carrying value of the receivable and using experience and knowledge of group operations have assigned a level of probability to the different expected credit loss scenarios.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Revenue

All revenue is earned in relation to the company's principal activity. This is earned by geographical region as follows:

	2022	2021
	£	£
Revenue analysed by class of business		
Investment management services	1,552,298	873,378
	=====	=====
	2022	2021
	£	£
Revenue analysed by geographical market		
Cayman Islands	112,787	119,482
Luxembourg	1,439,511	753,896
	=====	=====
	1,552,298	873,378

4 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	11,090	7,138
Government grants	-	(42,961)
Depreciation of property, plant and equipment	109,426	136,735
Charitable donation on SICAV income	124,363	86,582
 Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's financial statements	12,000	20,000
Fees payable to the company's auditors for taxation services	2,250	5,000
	=====	=====

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

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

5 Employees

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

2022	2021
Number	Number
12	15
=====	=====

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,127,018	1,010,227
Social security costs	109,175	100,322
Pension costs	55,148	58,105
	=====	=====
	1,291,341	1,168,654
	=====	=====

Redundancy payments in the year amount to £nil (2021: £30,000).

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	266,230	263,849
Company pension contributions to defined contribution schemes	7,044	-
	=====	=====
	273,274	263,849
	=====	=====

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 0).

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

Remuneration for qualifying services	171,997	168,750
Company pension contributions to defined contribution schemes	3,522	-
	=====	=====

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

7 Finance costs

	2022	2021
	£	£
Interest on lease liabilities	1,360	1,899
Other interest payable	(1,912)	12,517
	<u> </u>	<u> </u>
Total interest expense	<u>(552)</u>	<u>14,416</u>

8 Income tax expense

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
	<u> </u>	<u> </u>
Total tax charge	<u>-</u>	<u>-</u>

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

	2022	2021
	£	£
Loss before taxation	(431,994)	(1,102,786)
	<u> </u>	<u> </u>
Expected tax credit based on a corporation tax rate of 19.00%	(82,079)	(209,529)
Effect of expenses not deductible in determining taxable profit	8,375	4,095
Unutilised tax losses carried forward	95,832	203,745
Permanent capital allowances in excess of depreciation	872	1,689
Adjust deferred tax to average rate of 19.00%	(23,000)	-
	<u> </u>	<u> </u>
Taxation charge for the year	<u>-</u>	<u>-</u>

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

9 Intangible assets

	Software £
Cost	
At 1 July 2020	7,498
	<hr/>
At 30 June 2021	7,498
	<hr/>
At 30 June 2022	7,498
	<hr/>
Amortisation and impairment	
At 1 July 2020	7,498
	<hr/>
At 30 June 2021	7,498
	<hr/>
At 30 June 2022	7,498
	<hr/>
Carrying amount	
At 30 June 2022	-
	<hr/> <hr/>

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

10 Property, plant and equipment

	Right of use asset improvements	Leasehold	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2020	280,452	69,803	34,272	29,933	414,460
Additions	-	-	-	9,249	9,249
	<u>280,452</u>	<u>69,803</u>	<u>34,272</u>	<u>39,182</u>	<u>423,709</u>
At 30 June 2021	280,452	69,803	34,272	39,182	423,709
Additions	167,394	-	-	1,843	169,237
Disposals	(280,452)	-	-	-	(280,452)
	<u>167,394</u>	<u>69,803</u>	<u>34,272</u>	<u>41,025</u>	<u>312,494</u>
At 30 June 2022	167,394	69,803	34,272	41,025	312,494
Accumulated depreciation and impairment					
At 1 July 2020	124,645	20,487	22,035	20,489	187,656
Charge for the year	100,420	13,961	12,237	10,117	136,735
	<u>225,065</u>	<u>34,448</u>	<u>34,272</u>	<u>30,606</u>	<u>324,391</u>
At 30 June 2021	225,065	34,448	34,272	30,606	324,391
Charge for the year	88,866	13,961	-	6,599	109,426
Eliminated on disposal	(280,452)	-	-	-	(280,452)
	<u>33,479</u>	<u>48,409</u>	<u>34,272</u>	<u>37,205</u>	<u>153,365</u>
At 30 June 2022	33,479	48,409	34,272	37,205	153,365
Carrying amount					
At 30 June 2022	133,915	21,394	-	3,820	159,129
	<u>133,915</u>	<u>21,394</u>	<u>-</u>	<u>3,820</u>	<u>159,129</u>
At 30 June 2021	55,387	35,355	-	8,576	99,318
	<u>55,387</u>	<u>35,355</u>	<u>-</u>	<u>8,576</u>	<u>99,318</u>

Alquity Investment Management Limited**Notes to the financial statements (continued)****For the year ended 30 June 2022****11 Investments**

		2022	2021
		£	£
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

	2022	2021
	£	£
Trade receivables	120,236	84,784
VAT recoverable	33,545	32,272
Amount owed by parent undertaking	3,450,440	3,239,622
Amounts owed by connected parties	519,013	519,013
Other receivables	235,982	180,391
Prepayments	248,672	32,066
	<u>4,607,888</u>	<u>4,088,148</u>

Included within amounts owed by connect parties is £519,013 (2021: £519,013), which is expected to be recovered in more than 12 months.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

13 Trade and other payables

	2022	2021
	£	£
Trade payables	40,577	76,647
Accruals	326,792	298,494
Social security and other taxation	37,564	107,428
Other payables	663,335	672,245
	<u>1,068,268</u>	<u>1,154,814</u>

All financial liabilities are measured at amortised cost.

14 Lease liabilities

	2022	2021
	£	£
Maturity analysis		
Within one year	<u>130,654</u>	<u>-</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022	2021
	£	£
Current liabilities	<u>130,654</u>	<u>-</u>

	2022	2021
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>1,360</u>	<u>1,899</u>

The incremental rate of borrowing used to calculate the lease was 3.25% (2021: 2.25%).

Other leasing information is included in note 18.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

15 Deferred taxation

Deferred tax assets are expected to be recovered after more than one year

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 £
Asset at 1 July 2020	(384,965)
Asset at 1 July 2021 and 30 June 2022	(384,965)

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

A deferred tax asset has been recognised to the extent that the directors believe that losses brought forward will be utilised, based on forecasts prepared. At the reporting date the company had unused taxable losses of £4,212,448 (2021: £4,065,407). If the total unused taxable losses at the reporting date were expected to be recoverable, the deferred tax asset would be £1,061,476.

16 Share capital

	2022 Number	2021 As restated Number	2022 £	2021 As restated £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	758,579,500	758,579,400	7,585,795	7,585,794

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.

Alquity Investment Management Limited

Notes to the financial statements (continued)
For the year ended 30 June 2022

16 Share capital (continued)

Reconciliation of movements during the year:

	Ordinary shares
	Number
At 1 July 2021	758,579,400
Issue of fully paid shares	100
	<hr/>
At 30 June 2022	758,579,500
	<hr/> <hr/>

During the year the company issued 100 ordinary shares for consideration of £3,060,000.

Prior year share capital has been restated in the 2022 accounts to reflect that the entire issue of shares in 2021 was for shares at par value, with no share premium, this has no impact on the profit or loss in either year.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

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 2022 is £4,143,105 (2021: £3,975,099).

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. The company monitors its compliance with the requirement on a daily basis.

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 Other leasing information

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2022	2021
	£	£
Expense relating to short-term leases	51,521	-

Information relating to lease liabilities is included in note 14.

19 Financial instruments

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.

The company's maximum exposure to credit risk is represented by its trade receivables and cash balances, which are usually paid within 30 working days. The balances represent number of days from the date of invoice. Of the £120,236 trade receivables balance, £31,436 of this is over 30 days old. No impairment has been recognised. Given the credit terms, the balances outside the current category are not deemed past due.

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

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.

None of the company's contracted maturities bear interest. £992,122 (2021: £1,154,814) is payable within one year and £nil (2021: £nil) is payable within 1 - 2 years.

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.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

20 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 £112,787 (2021: £119,482) from Alquity Group Limited, a company under mutual control. There is £104,980 (2021: £83,128) outstanding from Alquity Group Limited at 30 June 2022. The company also has a loan balance due from Alquity Group Limited totalling £519,013 (2021: £519,013) at 30 June 2022. No interest is charged on this loan.

b) At the reporting date there is £21,057 (2021: £21,057) due to Alquity (Asia) Limited, a subsidiary of the company. No interest is charged on this loan.

c) The company received fee income of £1,143,511 (2021: £753,896) from Alquity SICAV, a company of which Paul Robinson is also a director. There is £182,767 (2021: £137,599) due to Alquity SICAV at 30 June 2022. No interest is charged on this loan.

d) During the year Alquity UK limited, the parent entity, subscribed to a share issue totalling £600,000 (2021: £3,060,000). At the reporting date £3,450,440 (2021: £3,239,280) was outstanding from Alquity UK Limited. No interest is charged on this loan.

e) During the year the company made donations totalling £124,363 (2021: £86,582) to the Alquity Transforming Lives Foundation, an entity under mutual control. At the reporting date the company owed £380,107 (2021: £329,668) to this entity.

21 Events after the reporting date

After the reporting date, the parent company of Alquity Investment Management Limited, Alquity UK Limited issued 3,658,537 preferred ordinary shares to Alquity Group Limited at 41p per share in a debt for equity swap.

Also after the reporting date, the intercompany debtor due to Alquity UK Limited was formalised into loan agreements and is now due for repayment on 23 September 2032.

22 Controlling party

The immediate and ultimate parent entity is Alquity UK Limited, a company incorporated in the United Kingdom, 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.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

23 Cash absorbed by operations

	2022	2021
	£	£
Loss for the year after tax	(431,994)	(1,102,786)
Adjustments for:		
Finance costs	(552)	14,416
Depreciation and impairment of property, plant and equipment	109,426	136,735
Movements in working capital:		
Increase in trade and other receivables	(519,740)	(1,571,546)
(Decrease)/increase in trade and other payables	(86,546)	141,075
Cash absorbed by operations	<u>(929,406)</u>	<u>(2,382,106)</u>

24 Prior period adjustment

The prior year has been restated to reflect what has subsequently been filed at Companies House. This had no impact on the loss for the year.

Reconciliation of changes in equity

	1 July	30 June
	2020	2021
Notes	£	£
Equity as previously reported	2,017,885	3,975,099
Adjustments to prior year		
Ordinary share capital	-	3,059,999
Share premium	-	(3,059,999)
Equity as adjusted	<u>2,017,885</u>	<u>3,975,099</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.