Company Registration No. 06020476 (England and Wales)

Alquity Investment Management Limited

Annual report and financial statements
for the year ended 30 June 2020

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 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 2020.

Review of the business

Alquity Investment Management Limited ('AIML') 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 AIML's profound belief that every person on the planet deserves the opportunity to succeed and therefore AIML 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': AIML 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. AIML is committed to leading the investment community in this respect.

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

The funds managed by AIML are therefore responsible by construction, targeting consistent outperformance whilst contributing to long-term development. This philosophy resonates across the broader business; we encourage fund manager engagement and are happy to share our analysis. Our fund managers actively engage with companies on material ESG issues incorporating our Key Progress 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 management fees to development projects in the regions in which we invest. By contributing to long-term sustainable economic development, we create more opportunities for our companies to succeed, closing the AIML virtuous circle. In this way, our business aligns the incentives and values of investors, employees, holdings and communities.

We believe these shared investment values are key to achieving enduring financial success and sustainable social progress.

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

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

Assets under Management

For the year to 30 June 2020, the Company suffered from both negative P&L and redemptions and therefore its assets under management ('AUMs') went from c.US$196m on 1 July 2019 to c.US$97m on 30 June 2020, which is not far from the lower levels of c.US$90m seen at the bottom around May 2020. This means that, besides other initiatives, AIML needs to remain focused and constantly reviewing its austerity measures.

40-40 Campaign

Following the devastating impact of the COVID-19 pandemic, in May 2020 AIML launched its 40-40 Campaign to accelerate its support for those most affected in emerging markets. The objective was and is to deliver tangible social support to 40,000 people as quickly as possible and therefore there is a pledge to donate 40% of the revenues derived from new investments into the Future Fund.

The campaign aims to generate sufficient donations to support projects that will have a transformational impact on communities already suffering discrimination, hardship and economic exclusion, which has only been made worse by the COVID-19 pandemic.

The 40-40 Campaign is about more than investment. It is about creating a movement bringing together like-minded investors who understand that sustainable economic development based upon equality of opportunity, is critical to delivering long term financial returns.

Outlook

The year to 30 June 2020 was a challenging one for AIML. During the year, under the leadership of Brad Crombie, former Global Head of Fixed Income at Aberdeen Standard Investments, AIML has invested heavily in bringing in additional talent. This covers investment, risk analytics and portfolio construction as well as sales. This included, amongst others; the hiring of Marnie Aragon-Uy, Aberdeen's former Global Head of Quantitative Analytics; Alex Boggis, Aberdeen's former Head of Asia; and Renee Arnold, Aberdeen's former Head of Sales for Canada.

The Company is therefore looking into 2021 with renewed confidence taking into account the costs reduction measures, the equity raise and also the actions taken by the Investments Manager/Global Distributor to enhance its investment and sales/distribution capabilities.

Principal risks and uncertainties

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

Credit risk

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

Liquidity risk

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

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

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

COVID-19 risk
The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. In the UK, market activity is being impacted in all sectors and the current response to COVID-19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial satements, the future impact to the financial services market is unknown and we cannot reliably estimate its effect on trading in the short term.

COVID-19 has presented one of the most challenging years for AIML's funds since their inception due to the confinemet measures adopted around the world depressing economic activity. In this context, the business acted swiftly and prudently to offset revenue declines with significant cost reductions. In fact, in March AIML implemented an aggressive costs saving exercise, leading to a cash burn better than pre-COVID levels (c. £100k/month). This was done while keeping our team aligned and focused on our future growth plan.

To keep staff motivated and aligned, in return for temporary salary reductions of c.40%, AIML has offered EMI options. Furthermore, virtually all major suppliers accepted reductions amounting to more than 40% for 3-6 months. AIML would like to acknowledge and recognise the significant support of all its service providers in this cost reduction plan which allows the Company to look into 2021 with real optimism.

During the last few months, AIML also focused on other initiatives such as an equity raise of approximately £3m, which is planned to be finalised at the time of issuing this report.

The Company identifies its primary stakeholders as their clients, staff, shareholders and regulators. During the year the company has directly engaged with all primary stakeholders through a variety of methods. Elsewhere in the strategic report the Company has considered the actions of the Company with regard to the identified primary stakeholders during the year.

On behalf of the board

Paul Robinson
Director
21 October 2020

The directors present their annual report and financial statements for the year ended 30 June 2020.

Principal activities

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

Results and dividends

The results for the year are set out on page 9.

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

Directors

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

Paul Robinson
Robert Crombie
Francisco Almada

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

21 October 2020

Opinion

We have audited the financial statements of Alquity Investment Management Limited (the 'company') for the year ended 30 June 2020 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 2020 and of its loss 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.

Material uncertainty related to going concern

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

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

21 October 2020

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Statement of comprehensive income
For the year ended 30 June 2020

	Notes	2020 £	2019 £
Revenue	4	2,059,949	3,708,534
Cost of sales		(403,654)	(599,066)
Gross profit		1,656,295	3,109,468
Other operating income		21,974	-
Administrative expenses		(2,704,244)	(3,038,004)
Operating (loss)/profit	5	(1,025,975)	71,464
Finance costs	8	(6,275)	-
(Loss)/profit before taxation		(1,032,250)	71,464
Income tax (expense)/income	9	-	384,965
(Loss)/profit and total comprehensive income for the year		(1,032,250)	456,429

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 2020

	Notes	2020 £	2019 £
Non-current assets			
Intangible assets	10	-	2,864
Property, plant and equipment	11	226,804	103,659
Deferred tax asset	15	384,965	384,965
		611,769	491,488
Current assets			
Trade and other receivables	13	2,516,602	3,077,847
Cash and cash equivalents		90,580	175,675
		2,607,182	3,253,522
Total assets		3,218,951	3,745,010
Current liabilities			
Trade and other payables	14	1,145,938	985,889
Net current assets		1,461,244	2,267,633
Non-current liabilities			
Trade and other payables	14	55,128	60,853
Total liabilities		1,201,066	1,046,742
Net assets		2,017,885	2,698,268
Equity			
Called up share capital	17	4,525,794	4,173,927
Share premium account		39,960	39,960
Retained earnings		(2,547,869)	(1,515,619)
Total equity		2,017,885	2,698,268

The financial statements were approved by the board of directors and authorised for issue on 21 October 2020 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 2020

	Notes	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
Balance at 1 July 2018		4,173,927	39,960	(1,972,048)	2,241,839
Profit and total comprehensive income for the year		-	-	456,429	456,429
Balance at 30 June 2019		4,173,927	39,960	(1,515,619)	2,698,268
Loss and total comprehensive income for the year		-	-	(1,032,250)	(1,032,250)
Issue of share capital	17	351,867	-	-	351,867
Balance at 30 June 2020		4,525,794	39,960	(2,547,869)	2,017,885

Alquity Investment Management Limited

Statement of cash flows
For the year ended 30 June 2020

	Notes	£	2020 £	£	2019 £
Cash flows from operating activities					
Cash absorbed by operations	**22**		(141,391)		(867,922)
Interest paid			(6,275)		-
Net cash outflow from operating activities			(147,666)		(867,922)
Investing activities					
Purchase of property, plant and equipment		(289,296)		(118,329)	
Net cash used in investing activities			(289,296)		(118,329)
Financing activities					
Proceeds from issue of shares		351,867		-	
Net cash generated from/(used in) financing activities			351,867		-
Net decrease in cash and cash equivalents			(85,095)		(986,251)
Cash and cash equivalents at beginning of year			175,675		1,161,926
Cash and cash equivalents at end of year			90,580		175,675

1 Accounting policies

Company information

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

1.1 Accounting convention

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

The financial statements have been prepared under the historical cost convention. The functional currency for the company is considered to be Pounds Sterling. The principal accounting policies adopted are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

At the time of approval of the financial statements, the directors recognise that the Coronavirus outbreak in the United Kingdom and across the world 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 flow projections and may cast doubt on the ability of the company to continue as a going concern. Nevertheless, having considered the impact on the business of the Coronavirus outbreak and the additional resources and support available to the company, the directors consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

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.

1 Accounting policies (continued)

— 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 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:

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.

1.6 Impairment of tangible and intangible assets

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

1 Accounting policies (continued)

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 initially recorded at fair value plus transaction costs.

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

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

Loans and receivables

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

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

1 Accounting policies (continued)

Impairment of financial assets

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

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

Derecognition of financial assets

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

1.10 Financial liabilities

The company recognizes 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.

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 Accounting policies (continued)

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.

1.14 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 Accounting policies (continued)

1.15 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.

1.16 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 Accounting policies (continued)

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 Adoption of new and revised standards and changes in accounting policies

During the financial year, the company has adopted the following new IFRSs (including amendments thereto) and IFRIC interpretations, that became effective for the first time.

IFRS 16 Leases	Leases
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual improvements 2015-2017 cycle	

Their adoption has not had any material impact on the disclosures or amounts reported in the financial statements except as set out below:

IFRS 16 Leases (as issued by the IASB in January 2016) is effective for all accounting periods beginning on or after 1 January 2019, and in accordance with the transition requirements, comparative information for the year ended 30 June 2019 has not been restated and transitional adjustments have been accounted for through retained earnings at 1 July 2019, the date of initial application.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases, and requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

The company now recognises right-of use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments. Depreciation on right-of-use assets and interest on lease liabilities is recognised within the income statement.

For short term leases and leases of low value assets, the company has opted to continue to recognise the lease expense within administrative expenses, on a straight line basis as permitted by IFRS 16.

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

The impact on the income statement for 2020 is as follows:

	£
Increase in finance costs	(6,275)
Increase in depreciation expense	(124,645)
Decrease in administrative expenses	114,300
Decrease in profit for the year	(16,620)

The impact on assets, liabilities and equity at 1 July 2019 is as follows:

	£
Right of use assets	280,452
Lease liabilities	(333,452)
Decrease to retained earnings	(53,000)

An incremental borrowing rate of 2.25% was applied to all lease liabilities recognised in the statement of financial position at the date of initial application.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the company and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed for use in the European Union including at 1 July 2020, Covid 19-Related Rent Concessions (Amendment to IFRS 16 *Leases*).

Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 3 Business Combinations
Amendments to IAS 1 and IAS 8 : Definition of Material
Interst Rate Benchmarks Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
Covid 19 - Related Rent Concessions (Amendment to IFRS 16 Leases)
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3 Business Combinations)
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
Annual improvements 2018-2020 cycle
Classification of Liabilities as Current or Non-Current: amendments to IAS 1
IFRS 17 - Insurance Contracts (and amendments)
Extension of the Temporary Exemption from Appying IFRS 9 (Amendments to IFRS 4 Insurance Contracts)

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

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4 Revenue

Geographical breakdown

	2020	2019
	£	£
Revenue analysed by class of business		
Cayman Islands	123,105	822,471
Luxembourg	1,643,030	2,313,811
United Kingdom	24,999	945
United States of America	268,815	571,307
	2,059,949	3,708,534

5 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	6,265	(16,655)
Depreciation of property, plant and equipment	166,151	15,277
Amortisation of intangible assets	2,864	3,749
Donation on SICAV income	168,280	238,585
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's financial statements	20,000	25,000
Fees payable to the company's auditors for taxation services	5,000	9,000

6 Employees

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

	2020 Number	2019 Number
	17	17

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,580,374	1,773,396
Social security costs	159,565	220,676
Pension costs	63,148	41,821
	1,803,087	2,035,893

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	419,982	367,870
Company pension contributions to defined contribution schemes	-	750
	419,982	368,620

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

	2020 £	2019 £
Remuneration for qualifying services	267,990	176,000

8 Finance costs

	2020	2019
	£	£
Other interest payable	6,275	-

9 Income tax expense

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	-	-
Deferred tax		
Origination and reversal of temporary differences	-	(384,965)
Total tax (credit)	-	(384,965)

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

	2020	2019
	£	£
(Loss)/profit before taxation	(1,032,250)	71,464
Expected tax (credit)/charge based on a corporation tax rate of 19.00%	(196,128)	13,578
Effect of expenses not deductible in determining taxable profit	1,489	12,420
Unutilised tax losses carried forward	204,478	(430,255)
Permanent capital allowances in excess of depreciation	(2,198)	(9,852)
Adjust deferred tax to average rate of 19%	-	45,290
Depreciation and amortisation	7,886	2,903
Short term differences	(11,500)	(19,049)
Utilisation of tax losses brought forward	(4,027)	-
Taxation charge/(credit) for the year	-	(384,965)

10 Intangible assets

	Software
	£
Cost	
At 1 July 2018	7,498
At 30 June 2019	7,498
At 30 June 2020	7,498
Amortisation and impairment	
At 1 July 2018	885
Charge for the year	3,749
At 30 June 2019	4,634
Charge for the year	2,864
At 30 June 2020	7,498
Carrying amount	
At 30 June 2020	-
At 30 June 2019	2,864
At 30 June 2018	6,613

11 Property, plant and equipment

	Right of use asset	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2018	-	-	925	5,910	6,835
Additions	-	69,803	30,951	17,575	118,329
At 30 June 2019	-	69,803	31,876	23,485	125,164
Additions	280,452	-	2,396	6,448	289,296
At 30 June 2020	280,452	69,803	34,272	29,933	414,460
Accumulated depreciation and impairment					
At 1 July 2018	-	-	318	5,910	6,228
Charge for the year	-	6,527	4,899	3,851	15,277
At 30 June 2019	-	6,527	5,217	9,761	21,505
Charge for the year	124,645	13,960	16,818	10,728	166,151
At 30 June 2020	124,645	20,487	22,035	20,489	187,656
Carrying amount					
At 30 June 2020	155,807	49,316	12,237	9,444	226,804
At 30 June 2019	-	63,276	26,659	13,724	103,659
At 30 June 2018	-	-	607	-	607

12 Investments

	2020	2019
	£	£
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.

13 Trade and other receivables

	2020	2019
	£	£
Trade receivables	214,828	219,193
Other receivables	183,747	659,519
VAT recoverable	34,849	49,883
Amount owed by parent undertaking	1,501,445	1,049,055
Amounts owed by fellow group undertakings	519,013	701,275
Prepayments	62,720	398,922
	2,516,602	3,077,847

Included within Trade and other receivables is £519,013 (2019: £701,275), which is expected to be recovered in more than 12 months.

14 Trade and other payables

	Current		Non-current	
	2020	2019	2020	2019
	£	£	£	£
Trade payables	210,290	147,725	-	-
Accruals	246,811	447,006	-	-
Social security and other taxation	172,531	59,574	-	-
Other payables	516,306	331,584	55,128	60,853
	1,145,938	985,889	55,128	60,853

Included in other payables is a lease liability creditor of £187,327.

15 Deferred taxation

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

	Tax losses
	£
Deferred tax liability at 1 July 2018	-
Deferred tax movements in prior year	
Credit to profit or loss	(384,965)
Deferred tax liability at 1 July 2019 and 30 June 2020	-
Deferred tax asset at 1 July 2019 and 30 June 2020	(384,965)

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

	2020	2019
	£	£
Deferred tax assets	(384,965)	(384,965)

16 Contingent Liabilities

As at 30 June 2020 the company had a contingent liability of £308,433 (2019: £462,932) in relation to the company's capacity as a guarantor on an operating lease.

17 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
452,579,400 of 1p each	4,525,794	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.

During the year, new shares were issued at par of £0.01 per share. In total, 351,867 shares were issued.

18 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 2020 is £2,017,885 (2019: £2,698,268).

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.

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.

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 £214,828 trade receivables balance, £22,241 of this is over 30 days old. No impairment has been recognised. Given the credit terms, the balances outside the current category are not deemed past due.

Historically, the 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. £1,145,938 (2019: £985,889) is payable within one year and £55,128 (2019: £60,853) 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.

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 £123,105 (2019: £822,471) from Alquity Group Limited, a company under common control. There is £8,386 (2019: £nil) outstanding from Alquity Group Limited at 30 June 2020. The company also has a loan balance due from Alquity Group Limited totalling £519,013 (2019: £701,275) at 30 June 2020. No interest is charged on this loan.

b) The company paid fees to cover operating expenses of Alquity (Asia) Limited, a subsidiary company, of £nil (2019: £nil). There is £21,057 (2019: £21,057) outstanding from Alquity (Asia) Limited at 30 June 2019. Dividend income of £nil (2019: £nil) was declared at the year end. No interest is charged on this loan.

c) The company received fee income of £1,520,540 (2019: £2,313,811) from Alquity SICAV, a company of which Paul Robinson is also a director. There is £171,808 (2019: £32,709) outstanding from Alquity SICAV at 30 June 2020. No interest is charged on this loan.

d) There is £1,501,445 (2019: £1,049,055) outstanding from Alquity UK Limited, the immediate and ultimate parent entity, at 30 June 2020. No interest is charged on this loan.

21 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.

22 Cash absorbed by operations

	2020	2019
	£	£
(Loss)/profit for the year after tax	(1,032,250)	456,429
Adjustments for:		
Taxation charged/(credited)	-	(384,965)
Finance costs	6,275	-
Amortisation and impairment of intangible assets	2,864	3,749
Depreciation and impairment of property, plant and equipment	166,151	15,277
Movements in working capital:		
Decrease/(increase) in trade and other receivables	561,245	(727,343)
Increase/(decrease) in trade and other payables	154,324	(231,069)
Cash absorbed by operations	(141,391)	(867,922)

Alquity Investment Management Limited

Detailed trading and profit and loss account
For the year ended 30 June 2020

		2020		2019
	£	£	£	£
Revenue				
Sales of services		2,059,949		3,708,534
Cost of sales				
Donations	168,280		238,585	
Trail fees	235,374		360,481	
		(403,654)		(599,066)
Gross profit		1,656,295		3,109,468
Other operating income				
Sundry income		21,974		-
Administrative expenses		(2,704,244)		(3,038,004)
Operating (loss)/profit		(1,025,975)		71,464
Finance costs				
Finance costs		(6,275)		-
(Loss)/profit before taxation		(1,032,250)		71,464

Alquity Investment Management Limited

Schedule of administrative expenses
For the year ended 30 June 2020

	2020	2019
	£	£
Administrative expenses		
Wages and salaries	946,466	1,273,312
Social security costs	103,059	178,085
Temporary staff	195,710	124,191
Other payments to staff	18,216	9,137
Staff training	28,300	86,393
Staff pension costs defined contribution	63,148	41,071
Directors' remuneration	419,982	366,756
Directors' social security costs	56,506	42,591
Directors' pension costs - defined contribution scheme	-	750
Management charge - group	-	170,993
Rent re licences and other	(24,944)	117,371
Rates	43,383	7,519
Power, light and heat	4,223	1,958
Property repairs and maintenance	13,404	7,055
Premises insurance	15,108	10,668
Computer running costs	123,962	93,413
Leasing - plant and machinery	4,566	3,722
Travelling expenses	84,017	116,648
Accommodation and subsistence	32,930	45,437
Postage, courier and delivery charges	644	1,432
Professional subscriptions	52,039	19,237
Legal and professional fees	202,023	189,473
Accountancy	21,956	16,571
Audit fees	20,000	25,000
Bank charges	7,467	7,626
Printing and stationery	2,014	2,857
Advertising	41,756	33,929
Telecommunications	22,545	17,799
Entertaining	15,894	20,230
Sundry expenses	7,709	2,368
General office expenses	6,881	2,041
Amortisation	2,864	3,749
Depreciation	166,151	15,277
Profit or loss on foreign exchange	-	(10,962)
Exchange differences arising on trading transactions	6,265	(5,693)
	2,704,244	3,038,004