

Company Registration No. 06020476 (England and Wales)

Alquity Investment Management Limited

**Annual report and financial statements
for the year ended 30 June 2023**

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 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 2023

The directors present the strategic report for the year ended 30 June 2023.

Fair review of the business

In 20 years' time, when we look back at the last year, it could be recognised as the first time that the world of investment was made to grasp its responsibility to the planet and its people. This period has seen the confluence of real political will, regulatory enforcement and investor-driven capital allocation that even an industry as entrenched as investment management has had to respond.

The showpiece COP27 in Egypt was a clear disappointment as once again no clear resolutions were agreed to substantially reduce GHG emissions in line with the scientifically required target.

The regulatory environment has also evolved to identify a clear separation between values-driven ESG investing and ESG as a pure risk management tool. Whether it's the EU based SFDR regulations or the prospective SDR regulations in the UK, it is clear that funds have to now make a choice about their intentionality and communicate this clearly and transparently to the marketplace. The focus has moved from what is said about a fund or investment to an actual analysis of the underlying stocks to see if they are consistent with the promises made. A key aspect of this new legislation is drawing a line between ESG and impact thereby closing down the ambiguity that's allowed so called "greenwashing" to thrive over the recent years.

Investors both individual and institutional are clearer about their role in society and how their capital allocation shapes the future. They are therefore demanding approaches that deliver returns whilst either solving issues previous capital allocation has created or at the very least not making things worse.

Driven by political will and regulatory clarity, opportunities are being created within the transformation of existing sectors, such as transportation, and in new sectors, such as battery storage and protein production that are leading the climate transition.

This clarity has prompted Alquity to be more explicit about how we enact our commitments to investing responsibly across all our asset classes. Alquity continues to be committed to driving change through picking the best companies within traditional sectors and engaging with them to continue on their journey towards successful financial outcomes as well as tangible social and environmental progress. This is best displayed by our Key Progress Indicators (KPIs) which provide portfolio level insight into the improving ESG behaviours across our holdings.

As investors look across their entire asset allocations and not just ESG or impact sleeves, it will require asset managers to proactively alter fund mandates to truly reflect their espoused values or asset owners will seek alternative investments.

It is in this respect that Alquity has continued to be crucial in reimagining the asset management model. Where conflicts of interest are replaced by reinforcing feedback loops between the returns and impact desires of investors and the social and ecological needs of people and the planet. Taking an uncompromising values-based approach to ESG investing alongside a tangible commitment to deploy our own capital in accordance with our values, provides a blueprint for other asset managers to follow and build upon. We measure our success through not our just our own achievements, but those of others we have helped influence on our journey.

Alquity Investment Management Limited

Strategic report (continued)

For the year ended 30 June 2023

Development and performance

Despite facing another challenging and volatile market, heightened by the Ukraine War and concerns surrounding inflation worldwide, Alquity's deep market expertise, both at a micro and macro level, rigorous ESG and business analysis processes, and enhanced quantitative risk management frameworks have enabled all of our funds to deliver strong returns over the last year.

We achieved at least a 4-globe ranking for all our funds, placing each of them well above the peer average for sustainability. Of course, this does not include the additional impact our funds deliver through our Transforming Lives programmes.

We have also entered into advisory contracts with Spouting Rock Asset Management and some of its affiliates to provide ESG advisory services and middle office support services. This entails additional recurring revenue of c.£300,000/year.

Lastly, after year end, the company signed a contract for the acquisition of VAM Marketing, a global distributor. This deal doubles our AUMA to over US\$640 million, enhancing our ability to grow funds and increase inflows from partnerships with advisers and intermediaries. It also provides greater resources including enlarged operations, sales, and marketing teams.

Nevertheless, the company is conscious of the challenges of this past year, which ended with a loss of £1,181,449. Nevertheless, the company has robust backers and, looking ahead, it has a sufficiently robust capital position to continue to grow and pursue new opportunities.

We are confident about the future and hope we can continue to make a difference to the investment world.

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.

Alquity Investment Management Limited

Strategic report (continued)
For the year ended 30 June 2023

On behalf of the board

Paul Robinson
Director

28 February 2024

Alquity Investment Management Limited

Directors' report

For the year ended 30 June 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

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 10.

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 38 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor

Saffery 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.

Alquity Investment Management Limited

Directors' report (continued)
For the year ended 30 June 2023

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

29 February 2024

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 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2023 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.

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.

Alquity Investment Management Limited

Independent auditor's report (continued)

To the members of Alquity Investment Management Limited

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.

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.

Alquity Investment Management Limited

Independent auditor's report (continued)

To the members of Alquity Investment Management Limited

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.

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 directors and obtained evidence of this from the FCA register. We obtained additional evidence about compliance by discussing any breaches with the directors 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.

Alquity Investment Management Limited

Independent auditor's report (continued)

To the members of Alquity Investment Management Limited

Neil Davies (Senior Statutory Auditor)

For and on behalf of Saffery LLP

29 February 2024

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 2023**

		2023	2022
	Notes	£	£
Revenue	3	1,237,328	1,552,298
Cost of sales		(479,585)	(277,219)
Gross profit		757,743	1,275,079
Other operating income		95,969	325,544
Administrative expenses		(1,907,359)	(2,033,169)
Operating loss	4	(1,053,647)	(432,546)
Investment revenues		76,500	-
Finance costs	7	(955)	552
Other gains and losses	8	(230,839)	-
Loss before taxation		(1,208,941)	(431,994)
Income tax income	9	27,492	-
Loss and total comprehensive income for the year		(1,181,449)	(431,994)

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 2023**

		2023	2022
	Notes	£	£
Non-current assets			
Property, plant and equipment	11	8,969	159,129
Other receivables	13	3,764,674	-
Deferred tax asset	16	384,965	384,965
		<u>4,158,608</u>	<u>544,094</u>
Current assets			
Trade and other receivables	13	484,744	4,607,888
Cash and cash equivalents		52,299	190,045
		<u>537,043</u>	<u>4,797,933</u>
Total assets		<u>4,695,651</u>	<u>5,342,027</u>
Current liabilities			
Trade and other payables	14	1,733,995	1,068,268
Obligations under finance leases	15	-	130,654
		<u>1,733,995</u>	<u>1,198,922</u>
Net current (liabilities)/assets		<u>(1,196,952)</u>	<u>3,599,011</u>
Total liabilities		<u>1,733,995</u>	<u>1,198,922</u>
Net assets		<u>2,961,656</u>	<u>4,143,105</u>
Equity			
Called up share capital	17	7,585,795	7,585,795
Share premium account		639,959	639,959
Retained earnings		(5,264,098)	(4,082,649)
Total equity		<u>2,961,656</u>	<u>4,143,105</u>

The financial statements were approved by the board of directors and authorised for issue on 29 February 2024 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 2023**

		Share capital	Share premium account	Retained earnings	Total
	Notes	£	£	£	£
Balance at 1 July 2021		7,585,794	39,960	(3,650,655)	3,975,099
Year ended 30 June 2022:					
Loss and total comprehensive income for the year		-	-	(431,994)	(431,994)
Transactions with owners in their capacity as owners:					
Issue of share capital	17	1	599,999	-	600,000
Balance at 30 June 2022		7,585,795	639,959	(4,082,649)	4,143,105
Year ended 30 June 2023:					
Loss and total comprehensive income for the year		-	-	(1,181,449)	(1,181,449)
Balance at 30 June 2023		7,585,795	639,959	(5,264,098)	2,961,656

Alquity Investment Management Limited

Statement of cash flows

For the year ended 30 June 2023

	Notes	£	2023 £	£	2022 £
Cash flows from operating activities					
Cash absorbed by operations	24		(31,670)		(929,406)
Interest paid			(955)		552
Income taxes refunded			27,492		-
Net cash outflow from operating activities			(5,133)		(928,854)
Investing activities					
Purchase of property, plant and equipment		(1,959)		(1,843)	
Net cash used in investing activities			(1,959)		(1,843)
Financing activities					
Proceeds from issue of shares		-		600,000	
Payment of lease liabilities		(130,654)		(36,740)	
Net cash (used in)/generated from financing activities			(130,654)		563,260
Net decrease in cash and cash equivalents			(137,746)		(367,437)
Cash and cash equivalents at beginning of year			190,045		557,482
Cash and cash equivalents at end of year			52,299		190,045

Alquity Investment Management Limited

Notes to the financial statements

For the year ended 30 June 2023

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 £1,181,449 (2022: £431,994).

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.

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).

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

1 Accounting policies (continued)

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.

1.5 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 Accounting policies (continued)

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.

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.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

1 Accounting policies (continued)

Derecognition of financial liabilities

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

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.

1.13 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.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

1 Accounting policies (continued)

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 Foreign exchange

Transactions in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

1.16 Group Accounts

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

Alquity Investment Management Limited is a wholly owned subsidiary of Alquity UK Limited, 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 2023****3 Revenue**

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

	2023	2022
	£	£
Revenue analysed by class of business		
Investment management services	1,237,328	1,552,298
	=====	=====
	2023	2022
	£	£
Revenue analysed by geographical market		
Cayman Islands	94,779	112,787
Luxembourg	1,022,930	1,439,511
United States of America	119,619	-
	=====	=====
	1,237,328	1,552,298

4 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging/(crediting):		
Net foreign exchange losses/(gains)	(8,803)	11,090
Depreciation of property, plant and equipment	152,119	109,426
Charitable donation on SICAV income	82,694	124,363
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's financial statements	23,000	20,000
Fees payable to the company's auditors for taxation services	2,500	2,250
	=====	=====

5 Employees

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

2023	2022
Number	Number
13	12
=====	=====

Alquity Investment Management Limited**Notes to the financial statements (continued)****For the year ended 30 June 2023****5 Employees (continued)**

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	987,311	1,127,018
Social security costs	80,966	109,175
Pension costs	55,491	55,148
	<u>1,123,768</u>	<u>1,291,341</u>

6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	178,044	266,230
Company pension contributions to defined contribution schemes	4,359	7,044
	<u>182,403</u>	<u>273,274</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 2).

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

Remuneration for qualifying services	n/a	171,997
Company pension contributions to defined contribution schemes	n/a	3,522
	<u></u>	<u></u>

As the directors have received less than £200,000 in remuneration in the current year the fees of the highest paid director has not been disclosed.

7 Finance costs

	2023	2022
	£	£
Interest on lease liabilities	-	1,360
Other interest payable	955	(1,912)
	<u>955</u>	<u>(552)</u>

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

8 Other gains and losses

	2023	2022
	£	£
Amounts written off financial assets at amortised cost	(230,839)	-
	<u><u> </u></u>	<u><u> </u></u>

9 Income tax expense

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	(27,492)	-
Deferred tax		
Origination and reversal of temporary differences	-	-
	<u><u> </u></u>	<u><u> </u></u>
Total tax (credit)	(27,492)	-
	<u><u> </u></u>	<u><u> </u></u>

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

	2023	2022
	£	£
Loss before taxation	(1,208,941)	(431,994)
	<u><u> </u></u>	<u><u> </u></u>
Expected tax credit based on a corporation tax rate of 20.50%	(247,833)	(82,079)
Effect of expenses not deductible in determining taxable profit	2,466	8,375
Unutilised tax losses carried forward	291,797	95,832
Permanent capital allowances in excess of depreciation	377	872
Research and development tax credit	(27,492)	-
Adjust deferred tax to average rate of 20.50%	(46,807)	(23,000)
	<u> </u>	<u> </u>
Taxation credit for the year	(27,492)	-
	<u><u> </u></u>	<u><u> </u></u>

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

10 Intangible assets

	Software £
Cost	
At 1 July 2021	7,498
At 30 June 2022	7,498
At 30 June 2023	7,498
Amortisation and impairment	
At 1 July 2021	7,498
At 30 June 2022	7,498
At 30 June 2023	7,498
Carrying amount	
At 30 June 2023	-

11 Property, plant and equipment

	Right of use asset	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 July 2021	280,452	69,803	34,272	39,182	423,709
Additions	167,394	-	-	1,843	169,237
Disposals	(280,452)	-	-	-	(280,452)
At 30 June 2022	167,394	69,803	34,272	41,025	312,494
Additions	-	-	-	1,959	1,959
At 30 June 2023	167,394	69,803	34,272	42,984	314,453
Accumulated depreciation and impairment					
At 1 July 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)
At 30 June 2022	33,479	48,409	34,272	37,205	153,365
Charge for the year	133,915	13,961	-	4,243	152,119
At 30 June 2023	167,394	62,370	34,272	41,448	305,484

Alquity Investment Management Limited

Notes to the financial statements (continued)
For the year ended 30 June 2023

11 Property, plant and equipment

	Right of use asset	Leasehold	Fixtures and	Computer	Total
	improvements		fittings	equipment	
	£	£	£	£	£ (continued)
Carrying amount					
At 30 June 2023	-	7,433	-	1,536	8,969
At 30 June 2022	133,915	21,394	-	3,820	159,129

12 Investments

	2023	2022
	£	£
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

	Current		Non-current	
	2023	2022	2023	2022
	£	£	£	£
Trade receivables	52,778	120,236	-	-
VAT recoverable	23,875	33,545	-	-
Amount owed by parent undertaking	-	3,450,440	-	-
Amounts owed by connected parties	-	519,013	3,764,674	-
Other receivables	248,943	235,982	-	-
Prepayments	159,148	248,672	-	-
	484,744	4,607,888	3,764,674	-

Included within amounts owed by connected parties is £3,245,661 (2022: £nil), which is due to be repaid in September 2032 and interest of 3% per annum is accrued on this balance. This balance is held at amortised cost and the directors used a discount rate of 3.8% to calculate its fair value on recognition. The remaining amount of £519,013 (2022: £519,013) is repayable on demand but expected to be recovered in more than 12 months, no interest is charged on this balance.

Alquity Investment Management Limited**Notes to the financial statements (continued)**
For the year ended 30 June 2023**14 Trade and other payables**

	2023	2022
	£	£
Trade payables	246,728	40,577
Amount owed to parent undertaking	253,209	-
Accruals	298,842	326,792
Social security and other taxation	37,747	37,564
Other payables	897,469	663,335
	<u>1,733,995</u>	<u>1,068,268</u>

All financial liabilities are measured at amortised cost.

15 Lease liabilities

	2023	2022
Maturity analysis	£	£
Within one year	-	130,654
	<u>-</u>	<u>130,654</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:

	2023	2022
	£	£
Current liabilities	-	130,654
	<u>-</u>	<u>130,654</u>

	2023	2022
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	-	1,360
	<u>-</u>	<u>1,360</u>

The incremental rate of borrowing used to calculate the lease was 3.25% (2022: 3.25%).

Other leasing information is included in note 19.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

16 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 2021	(384,965)
Asset at 1 July 2022 and 30 June 2023	(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 £5,268,820 (2022: £4,212,448). If the total unused taxable losses at the reporting date were expected to be recoverable, the deferred tax asset would be £1,317,205.

17 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 1p each	758,579,500	758,579,500	7,585,795	7,585,795

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 2023

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 2023 is £2,961,656 (2022: £4,143,105).

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.

19 Other leasing information

Lessee

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

	2023	2022
	£	£
Expense relating to short-term leases	-	51,521

Information relating to lease liabilities is included in note 15.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

20 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 £52,778 trade receivables balance, £nil 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. £1,733,955 (2022: £1,068,268) is payable within one year and £nil (2022: £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.

21 Events after the reporting date

After the period end date, the company agreed to acquire the share capital of VAM Marketing Limited, raising €2,500,000 through the issue of loan loans bearing 15% interest, repayable 12 months after issue.

In addition, the company raised \$1,220,000 through the issue of a convertible loan. The loan accrues interest at 12% after the first 12 months and is repayable after 3 years. The company has the option to convert the loan into shares at the market value at the redemption date.

Alquity Investment Management Limited

Notes to the financial statements (continued)

For the year ended 30 June 2023

22 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 £94,779 (2022: £112,787) from Alquity Group Limited, a company under mutual control. There is £nil (2022: £104,980) outstanding from Alquity Group Limited at 30 June 2023. The company also has a loan balance due from Alquity Group Limited totalling £3,764,674 (2022: £519,013) at 30 June 2023. £3,245,661 of this balance is due for repayment in September 2032 and interest of 3% is charged on this loan. £519,013 is repayable on demand and no interest is charged on the balance.

b) At the reporting date there is £21,057 (2022: £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 £791,716 (2022: £1,439,511) from Alquity SICAV, a company of which Paul Robinson is also a director. There is £400,966 (2022: £182,767) due to Alquity SICAV at 30 June 2023. No interest is charged on this loan.

d) During the year Alquity UK limited, the parent entity, subscribed to a share issue totalling £nil (2022: £600,000). At the reporting date £nil (2022: £3,450,440) was outstanding from Alquity UK Limited. No interest is charged on this loan. There is £253,209 (2022: £nil) due to Alquity UK Limited at 30 June 2023. No interest is charged on this loan.

e) During the year the company accrued donations totalling £82,694 (2022: £124,363) to the Alquity Transforming Lives Foundation, an entity under mutual control. At the reporting date the company owed £247,831 (2022: £380,107) to this entity.

23 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 2023

24 Cash absorbed by operations

	2023	2022
	£	£
Loss for the year after tax	(1,181,449)	(431,994)
Adjustments for:		
Taxation credited	(27,492)	-
Finance costs	955	(552)
Depreciation and impairment of property, plant and equipment	152,119	109,426
Movements in working capital:		
Decrease/(increase) in trade and other receivables	358,470	(519,740)
Increase/(decrease) in trade and other payables	665,727	(86,546)
Cash absorbed by operations	<u>(31,670)</u>	<u>(929,406)</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.