

Company Registration No. 07992381 (England and Wales)

Alquity UK Limited
Annual report and
group financial statements
for the year ended 30 June 2023

Alquity UK Limited

Company information

Directors	Paul Robinson Neil Sandy
Secretary	Paul Robinson
Company number	07992381
Registered office	3rd Floor 9 Kingsway London WC2B 6XF
Independent auditor	Saffery LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

Alquity UK Limited

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Alquity UK Limited

Strategic report

For the year ended 30 June 2023

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

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.

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 group is conscious of the challenges of this past year, which ended with a loss of £1,181,592. Nevertheless, the group 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.

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

On behalf of the board

Paul Robinson
Director
28 February 2024

Alquity UK 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 activity of the group 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 10.

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

Directors

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

Jane Nicholls

(Resigned 31 July 2022)

Paul Robinson

Neil Sandy

Supplier payment policy

The group'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 group'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 group 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.

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 group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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 the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors 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 auditor is 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
29 February 2024

Alquity UK Limited

Independent auditor's report To the members of Alquity UK Limited

Opinion

We have audited the financial statements of Alquity UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023 which comprise the group statement of comprehensive income, the group and parent company statement of financial position, the group and parent company statement of changes in equity, the group and parent company statement of cash flows and the group and parent company 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 group's affairs as at 30 June 2023 and of the group's 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 group and parent 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 group. Note 1.2 discloses a material uncertainty to the future of the business which may significantly alter the group's financial performance from that projected in its financial plan and cashflow projections. In addition, a significant proportion of the group'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 Alquity 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 UK Limited

Independent auditor's report (continued)

To the members of Alquity UK Limited

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 group and parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 parent 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 parent 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 group and parent company 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 UK Limited

Independent auditor's report (continued) To the members of Alquity UK 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 group and parent 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 group and parent company by discussions with directors and by updating our understanding of the sector in which the group and parent 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Independent auditor's report (continued)
To the members of Alquity UK Limited

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.

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

29 February 2024

Chartered Accountants
Statutory Auditor

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

Alquity UK Limited

Group statement of comprehensive income
For the year ended 30 June 2023

	Notes	2023 £	2022 £
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		(1,907,502)	(2,033,446)
Operating loss	5	(1,053,790)	(432,823)
Investment revenues		76,500	-
Finance costs	8	(955)	(207,361)
Other gains and losses	9	(230,839)	612,000
Loss before taxation		(1,209,034)	(28,184)
Income tax income	10	27,492	-
Loss and total comprehensive income for the year		(1,181,592)	(28,184)

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

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

Alquity UK Limited

**Group statement of financial position
As at 30 June 2023**

		2023	2022
	Notes	£	£
Non-current assets			
Intangible Assets	13	7,104,563	7,104,563
Property, plant and equipment	14	8,969	159,129
Other receivables	15	3,764,674	-
Deferred tax asset	19	384,965	384,965
		<u>11,263,171</u>	<u>7,648,657</u>
Current assets			
Trade and other receivables	16	740,553	1,858,136
Cash and cash equivalents		74,981	309,321
		<u>815,534</u>	<u>2,167,457</u>
Current liabilities			
Trade and other payables	17	1,469,516	1,056,998
Lease liabilities	18	-	130,654
		<u>1,469,516</u>	<u>1,187,652</u>
Net current (liabilities)/assets		<u>(653,982)</u>	<u>979,805</u>
Non-current liabilities			
Borrowings	20	1,505,629	1,743,314
Net assets		<u>9,103,560</u>	<u>6,885,148</u>
Equity			
Called up share capital	21	440	357
Share premium account		13,818,539	10,418,618
Retained earnings		(4,715,419)	(3,533,827)
Total equity		<u>9,103,560</u>	<u>6,885,148</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. 07992381

Alquity UK Limited**Company statement of financial position
As at 30 June 2023**

		2023 £	2022 £
	Notes		
Non-current assets			
Investments	11	8,967,000	8,967,000
Current assets			
Trade and other receivables	16	499,888	691,559
Cash and cash equivalents		16,100	112,694
		515,988	804,253
Current liabilities			
Trade and other payables	17	-	3,450,441
Net current assets/(liabilities)		515,988	(2,646,188)
Non-current liabilities			
Borrowings	20	1,505,629	1,743,314
Net assets		7,977,359	4,577,498
Equity			
Called up share capital	21	440	357
Share premium account		13,818,540	10,418,619
Retained earnings		(5,841,621)	(5,841,478)
Total equity		7,977,359	4,577,498

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £143 (2022: £403,810).

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. 07992381

Alquity UK Limited

Group statement of changes in equity
For the year ended 30 June 2023

		Share capital	Share premium premium account	Retained earnings	Total
	Notes	£	£	£	£
Balance at 1 July 2021		214	5,353,060	(3,505,643)	1,847,631
Year ended 30 June 2022:					
Loss and total comprehensive income		-	-	(28,184)	(28,184)
Transactions with owners:					
Issue of share capital	21	143	5,065,558	-	5,065,701
Balance at 30 June 2022		357	10,418,618	(3,533,827)	6,885,148
Year ended 30 June 2023:					
Loss and total comprehensive income		-	-	(1,181,592)	(1,181,592)
Transactions with owners:					
Issue of share capital	21	83	3,399,921	-	3,400,004
Balance at 30 June 2023		440	13,818,539	(4,715,419)	9,103,560

Alquity UK Limited

**Company 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	214	5,353,060	(6,245,288)	(892,014)
Year ended 30 June 2022:				
Profit and total comprehensive income	-	-	403,810	403,810
Transactions with owners:				
Issue of share capital	143	5,065,559	-	5,065,702
Balance at 30 June 2022	357	10,418,619	(5,841,478)	4,577,498
Year ended 30 June 2023:				
Loss and total comprehensive income	-	-	(143)	(143)
Transactions with owners:				
Issue of share capital	83	3,399,921	-	3,400,004
Balance at 30 June 2023	440	13,818,540	(5,841,621)	7,977,359

Alquity UK Limited

Group statement of cash flows
For the year ended 30 June 2023

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	28	109,421	(1,433,899)
Interest paid		(955)	552
Income taxes refunded		27,492	-
Net cash inflow/(outflow) from operating activities		135,958	(1,433,347)
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		-	1,646,213
Repayment of borrowings		(237,685)	(479,572)
Payment of lease liabilities		(130,654)	(36,740)
Net cash (used in)/generated from financing activities		(368,339)	1,129,901
Net decrease in cash and cash equivalents		(234,340)	(305,289)
Cash and cash equivalents at beginning of year		309,321	614,610
Cash and cash equivalents at end of year		74,981	309,321

Alquity UK Limited

Company statement of cash flows
For the year ended 30 June 2023

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	29	141,091	(504,494)
Net cash inflow/(outflow) from operating activities		141,091	(504,494)
Investing activities			
Subscription of new shares in subsidiary company		(600,000)	
Impairment charge		-	-
Interest received		-	-
Net cash used in investing activities		-	(600,000)
Financing activities			
Proceeds from issue of shares		1,646,214	
Repayment of borrowings	(237,685)	(479,572)	
Net cash (used in)/generated from financing activities		(237,685)	1,166,642
Net (decrease)/increase in cash and cash equivalents		(96,594)	62,148
Cash and cash equivalents at beginning of year		112,694	50,546
Cash and cash equivalents at end of year		16,100	112,694

Alquity UK Limited

Notes to the group financial statements For the year ended 30 June 2023

1 Accounting policies

Company information

Alquity UK Limited ("the company") is a private limited company 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.

The group consists of Alquity UK Limited and all of its subsidiaries.

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 are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £1. 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 group'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

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

In particular, a significant proportion of the group'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 £1,181,592 (2022: £28,184).

Nevertheless, having prepared forecasts looking ahead 12 months to consider both the resources needed, and the support available to the group 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 group 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 Goodwill

Goodwill represents the excess consideration over the fair value of the investment in subsidiaries. Goodwill is annually reviewed for impairment by management.

1.5 Intangible assets other than goodwill

Computer software

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.

1.6 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
Computers	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.

1.7 Impairment of tangible and intangible assets

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

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies (continued)

1.8 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.9 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.

1.10 Financial assets

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

Amortised cost are measured using the effective interest method. 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.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

The group 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 group 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 Accounting policies (continued)

1.11 Financial liabilities

The group recognises financial debt when the group 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'.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the parent 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 payable at the discretion of the company.

1.13 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

Derivatives embedded in other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

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

1 Accounting policies (continued)

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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group 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.

1.15 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.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 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.

1.17 Leases

At inception, the group 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 group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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 group'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 group 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.

1 Accounting policies (continued)

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 group's estimate of the amount expected to be payable under a residual value guarantee; or the group'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 group 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.

1.18 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 in the period are included in the consolidated statement of comprehensive income for the period.

1.19 Basis of consolidation

The consolidated financial statements incorporate the financial statements of subsidiary entities. A subsidiary is defined as an entity over which the company has control. Control is achieved when the company has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affects its returns.

Consolidation of a subsidiary begins when the company obtains control and ceases when control is lost. The company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three control elements listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with the group's accounting policies.

2 Critical accounting estimates and judgements

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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Share based payments

Share options were held by employees as at 30 June 2023 (see note 21 for further information on these). As the company is not listed there is not readily available information with regards to the value of the company's shares and as such inputs have had to be based on other similar companies that are listed as well as a number of estimates based on historic information.

As at 30 June 2023, no option charge has been recognised in the financial statements as this was not considered by the directors to be material.

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 Group's clients.

Amounts recoverable from related party undertakings consist of both long term loans and amounts 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.

3 Revenue

	2023	2022
	£	£
Revenue analysed by class of business		
Investment management services	1,237,328	1,552,298
	<u>1,237,328</u>	<u>1,552,298</u>
	2023	2022
	£	£
Geographical breakdown		
Cayman Islands	94,779	112,787
Luxembourg	1,022,930	1,439,511
United States of America	119,619	-
	<u>1,237,328</u>	<u>1,552,298</u>

Alquity UK Limited**Notes to the group financial statements (continued)**
For the year ended 30 June 2023**4 Employees**

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

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

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	993,145	1,127,018
Social security costs	80,966	109,175
Pension costs	55,491	55,148
	=====	=====
	1,129,602	1,291,341
	=====	=====

5 Operating profit

	2023	2022
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(8,803)	11,090
Depreciation of property, plant and equipment	152,119	109,426
Charitable donation on SICAV income	82,694	124,363
	=====	=====

6 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	9,200	8,000
Audit of the financial statements of the company's subsidiaries	17,800	15,750
	=====	=====
	27,000	23,750
	=====	=====
For other services		
Tax services	4,000	3,750
	=====	=====

Alquity UK Limited**Notes to the group financial statements (continued)****For the year ended 30 June 2023****7 Directors' remuneration**

	2023	2022
	£	£
Remuneration for qualifying services	14,562	1,481
Company pension contributions to defined contribution schemes	450	-
Sums paid to third parties for directors' services	10,417	15,000
	<u>25,429</u>	<u>16,481</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 0).

As total directors' remuneration was less than £200,000 in the current and prior year, no disclosure is provided for those years.

8 Finance costs

	2023	2022
	£	£
Interest on lease liabilities	-	1,360
Other interest payable	955	206,001
	<u>955</u>	<u>207,361</u>

9 Other gains and losses

	2023	2022
	£	£
Amounts written off financial assets at amortised cost	(230,839)	-
Change in the value of convertible loan notes	-	612,000
	<u>(230,839)</u>	<u>612,000</u>

Alquity UK Limited

Notes to the group financial statements (continued)

For the year ended 30 June 2023

10 Income tax expense

Current tax

UK corporation tax on profits for the current period	(27,492)	-
	<u></u>	<u></u>

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

	2023	2022
	£	£
Loss before taxation	(1,209,084)	(28,184)
	<u></u>	<u></u>
Expected tax credit based on a corporation tax rate of 20.50% (2022: 19.00%)	(229,726)	(5,355)
Effect of expenses not deductible in determining taxable profit	2,466	8,375
Unutilised tax losses carried forward	273,690	19,108
Permanent capital allowances in excess of depreciation	377	872
Research and development tax credit	(27,492)	-
Overseas income	(46,807)	(23,000)
	<u></u>	<u></u>
Taxation credit for the year	(27,492)	-
	<u></u>	<u></u>

11 Investments

Company

	Current		Non-current	
	2023	2022	2023	2022
	£	£	£	£
Investments in subsidiaries	-	-	8,967,000	8,967,000
	<u></u>	<u></u>	<u></u>	<u></u>

Alquity UK Limited

Notes to the group financial statements (continued)

For the year ended 30 June 2023

11 Investments (continued)

Movements in non-current investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 July 2022 & 30 June 2023	13,997,731
	<hr/>
Impairment	
At 1 July 2022 & 30 June 2023	(5,030,731)
	<hr/>
Carrying amount	
At 30 June 2023	8,967,000
	<hr/> <hr/>
At 30 June 2022	8,967,000
	<hr/> <hr/>

12 Subsidiaries

Details of the company's subsidiaries at 30 June 2023 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Voting
Alquity Investment Management Limited	United Kingdom	Provision of investment management services	Ordinary	100	-
Alquity (Asia) Limited	Hong Kong	Provision of investment management services	Ordinary	0	100

* Alquity (Asia) Limited is a 100% owned subsidiary of Alquity Investment Management Limited.

Alquity UK Limited

Notes to the group financial statements (continued)

For the year ended 30 June 2023

13 Intangible assets

	Goodwill	Software	Total
	£	£	£
Cost			
At 1 July 2021	7,104,563	7,498	7,112,061
At 30 June 2022	7,104,563	7,498	7,112,061
At 30 June 2023	7,104,563	7,498	7,112,061
Amortisation and impairment			
At 1 July 2021	-	7,498	7,498
At 30 June 2022	-	7,498	7,498
At 30 June 2023	-	7,498	7,498
Carrying amount			
At 30 June 2023	7,104,563	-	7,104,563
At 30 June 2022	7,104,563	-	7,104,563
At 30 June 2021	7,104,563	-	7,104,563

Goodwill represents the excess consideration over the fair value of the investment in subsidiaries.

In the opinion of the directors, there has been no indication of impairment in the year.

Alquity UK Limited

Notes to the group financial statements (continued)

For the year ended 30 June 2023

14 Property, plant and equipment

Group	Right of use asset	Leasehold improvements	Fixtures and fittings	Computers	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
Carrying amount					
At 30 June 2023	-	7,433	-	1,536	8,969
At 30 June 2022	133,915	21,394	-	3,820	159,129
At 30 June 2021	55,387	35,355	-	8,576	99,318

The Company held no tangible fixed assets during the period.

Alquity UK Limited

Notes to the group financial statements (continued)

For the year ended 30 June 2023

15 Other receivables due greater than 1 year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Amounts owed by connected parties	3,764,674	-	-	-
	<u>3,764,674</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

16 Trade and other receivables due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade receivables	60,145	127,603	-	-
VAT recoverable	23,875	33,545	-	-
Amounts owed by subsidiary undertakings	-	-	253,208	-
Amounts owed by connected parties	-	519,012	-	-
Other receivables	497,386	929,304	246,680	691,559
Prepayments	159,147	248,672	-	-
	<u>740,553</u>	<u>1,858,136</u>	<u>499,888</u>	<u>691,559</u>

17 Trade and other payables due within one year

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade payables	246,728	40,577	-	-
Amounts owed to subsidiary undertakings	-	-	-	3,450,441
Accruals	308,629	336,579	-	-
Social security and other taxation	37,747	37,564	-	-
Other payables	876,412	642,278	-	-
	<u>1,469,516</u>	<u>1,056,998</u>	<u>-</u>	<u>3,450,441</u>

Alquity UK Limited

Notes to the group financial statements (continued)

For the year ended 30 June 2023

18 Lease liabilities

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

All lease liabilities are expected to be settled within 12 months from the reporting date.

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

19 Deferred taxation

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

	Tax losses
	£
Asset at 1 July 2022 and 30 June 2023	(384,965)
	<u> </u>

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

20 Borrowings

	Non-current		Non-current	
	Group	Group	Company	Company
	2023	2022	2023	2022
	£	£	£	£
Borrowings held at amortised cost:				
Directors' loans	128,456	128,456	128,456	128,456
Loans from related parties	1,377,173	1,614,858	1,377,173	1,614,858
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,505,629	1,743,314	1,505,629	1,743,314
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Alquity UK Limited

Notes to the group financial statements (continued)

For the year ended 30 June 2023

20 Borrowings (continued)

An unsecured loan note for £3,750,000 was issued on 5 April 2013 to Alquity Group Limited as part of the consideration for the acquisition of Alquity Investment Management Limited. The loan is subordinated and interest free. Repayment is in tranches and will be determined by the Board. At 30 June 2023, £1,377,173 (2022: £1,614,858) was outstanding and included in the above aggregate loans payable balance.

The loan is repayable in full either upon the sale of the entire share capital of the company for full value on an arms-length basis; or a flotation of the company on a recognised stock exchange.

An unsecured loan facility for \$1,500,000 was agreed with Paul Robinson on 28 November 2013. The loan facility may be drawn down as required and in a currency of USD, GBP or EUR as per the lenders preference. Repayment is to be made in USD. The facility does not have a fixed term but the borrower will make reasonable efforts to repay the lender in full upon sufficient funds becoming available for repayment by the Borrower. All amounts drawn down under the facility together with interest accrued thereon shall be repaid immediately in full in the event of the sale of the Borrower. Repayment will be made to the extent that the business will continue to hold more than 7 months regulatory capital, £128,456 (2022: £128,456) was outstanding and included in the above aggregate loans payable balance.

21 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of 0.001p each	11,875,111	11,875,111	119	119
A Ordinary Shares of 0.001p each	1,199,319	1,199,319	12	12
Preferred Ordinary Shares of 0.001p each	26,989,464	18,696,781	270	187
B Investment Shares of 0.001p each	174,771	174,771	2	2
Founder share of 0.001p each	1	1	-	-
	<u>40,238,666</u>	<u>31,945,983</u>	<u>403</u>	<u>320</u>
Preference share capital				
Issued and fully paid				
Preference Shares of 0.001p each	<u>3,750,000</u>	<u>3,750,000</u>	<u>37</u>	<u>37</u>
Preference shares classified as equity			<u>37</u>	<u>37</u>
Total equity share capital			<u>440</u>	<u>357</u>

All ordinary shares rank equally with regard to the company's residual assets. Preference shares are zero coupon shares and no right to vote. Ordinary A, Preferred Ordinary and Investment B shares hold no voting rights but have the rights to dividends and distributions. Founder shares have no right to dividends but hold the right to appoint directors and vote.

During the year 8,292,683 Preferred Ordinary Shares were issued for total consideration of £3.4m as part of a debt for equity swap.

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

22 Share-based payment transactions

The company operates an equity-settled share based remunerations scheme for their employees. This is an EMI share scheme that all employees are allowed to participate in.

	Number of share options		Weighted average exercise price	
	2023	2022	2023 £	2022 £
Outstanding at 1 July 2022	5,509,025	2,561,335	0.42	0.32
Granted in the period	-	3,177,293	-	0.50
Exercised in the period	-	(229,603)	-	0.31
	<u>5,509,025</u>	<u>5,509,025</u>	<u>0.42</u>	<u>0.42</u>
Outstanding at 30 June 2023	<u>5,509,025</u>	<u>5,509,025</u>	<u>0.42</u>	<u>0.42</u>
	<u>1,091,510</u>	<u>1,091,510</u>	<u>0.35</u>	<u>0.35</u>
Exercisable at 30 June 2023	<u>1,091,510</u>	<u>1,091,510</u>	<u>0.35</u>	<u>0.35</u>

The options outstanding at 30 June 2023 had an exercise price ranging from £0.00001 to £0.61, and a remaining contractual life of up to 4 years.

No share option charge has been recognised in the financial statements as it is not considered material to either the company or group.

23 Capital risk management

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

The group defines 'capital' as including all components of equity. Accordingly, the capital balance for the group as at 30 June 2023 is £9,103,560 (2022: £6,885,148).

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

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

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

During the current financial year, the group's strategy, which was unchanged from last year, was to maintain a higher capital level than regulatory requirement of the FCA. The group 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.

24 Financial Instruments

Credit risk

The group 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 group'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 £60,145 trade receivables balance, £42,752 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 group does not have a default rate. The group would typically recognise a provision against the trade receivables balance once the balance is over 60 days old.

Liquidity risk

The group'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 group's contracted maturities bear interest. £1,469,516 (2022: £1,056,998) is payable within one year.

Interest rate risk

The group'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 group'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 group's losses and retained losses.

25 Events after the reporting date

After the period end date, the company acquired 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 UK Limited

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

26 Related party transactions

Group

The group considers transactions with its senior management as related party transactions. Senior management are considered to be directors of Alquity UK Limited who manage the main operating activities of the group. Except for the emoluments disclosed in note 7 and the loan from Paul Robinson disclosed below, there are no transactions, arrangements and agreements made for persons who were directors of Alquity UK Limited during the year.

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

The group received fee income of £94,779 (2022: £112,787) from Alquity Group Limited, as a company under common control. There is £nil (2022: £104,980) outstanding from Alquity Group at 30 June 2023. The group also has a loan balance due from Alquity Group Limited totaling £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.

Included in non-current liabilities is a loan of £1,377,173 (2022: £1,614,858) from Alquity Group Limited, a company under common control.

Included in non-current liabilities is a loan of £128,456 (2022: £128,456) from Paul Robinson, the ultimate controlling party. Interest, which is charged on this loan at 7.5% per annum, is rolled up into the principal. In the current year £nil (2022: £nil) was repaid.

The group received fee income of £791,716 (2022: £1,156,579) 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.

During the year the group made donations totaling £82,964 (2022: £124,363) to the Alquity Transforming Lives Foundation, an entity under mutual control. At the reporting date the group owed £462,801 (2022: £380,107) to this entity.

Company

During the year Alquity UK Limited, the parent entity, subscribed to a share issue in Alquity Investment Management Limited totaling £nil (2022: £600,000). At the reporting date £253,209 was due from Alquity Investment Management Limited (2022: £3,450,440 due to Alquity Investment Management Limited). No interest is charged on this loan.

Alquity UK Limited

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

27 Controlling party

The immediate and ultimate controlling party is considered to be Paul Robinson.

28 Cash generated from/(absorbed by) operations - Group

	2023	2022
	£	£
Loss for the year before income tax	(1,209,084)	(28,184)
Adjustments for:		
Finance costs	955	207,361
Depreciation and impairment of property, plant and equipment	152,119	109,426
Other gains and losses	-	(612,000)
Movements in working capital:		
Increase in trade and other receivables	(2,647,091)	(999,956)
Increase/(decrease) in trade and other payables	3,812,522	(110,546)
Cash generated from/(absorbed by) operations	<u>109,421</u>	<u>(1,433,899)</u>

29 Cash generated from/(absorbed by) operations - Company

	2023	2022
	£	£
(Loss)/profit for the year after tax	(143)	403,810
Adjustments for:		
Finance costs	-	207,913
Other gains and losses	-	(612,000)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	191,671	(691,377)
(Decrease)/increase in trade and other payables	(50,437)	187,160
Cash generated from/(absorbed by) operations	<u>141,091</u>	<u>(504,494)</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.