

30/202/20



Companies House

DON'T
STAPLE**OS AA01**Statement of details of parent law and other
information for an overseas company

✓ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

✗ **What this form is NOT for**
You cannot use this form to
an alteration of manner of
with accounting requirements

THURSDAY



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21/09/2023

#176

COMPANIES HOUSE

Part 1 Corporate company nameCorporate name of
overseas company ①

GUINNESS ATKINSON ASSET MANAGEMENT, INC.

UK establishment
number

B R 0 2 4 7 6 2

→ **Filling in this form**Please complete in typescript or in
bold black capitals.All fields are mandatory unless
specified or indicated by *.① This is the name of the company in
its home state.**Part 2 Statement of details of parent law and other
information for an overseas company****A1 Legislation**Please give the legislation under which the accounts have been prepared and
audited.

Legislation ②

FRS 102, & The Companies Act 2006

② This means the relevant rules or
legislation which regulates the
preparation of accounts.**A2 Accounting principles**

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No. Go to Section A3.**☒ **Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.**Name of organisation
or body ③

Financial Reporting Council

③ Please insert the name of the
appropriate accounting organisation
or body.

OS AA01

Statement of details of parent law and other information for an overseas company

A3

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

❶ Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ❶

International Standards on Auditing (UK) (ISAs (UK))

Part 3

Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X



X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name

Address

Kreston Reeves LLP

2nd Floor

168 Shoreditch High Street

Post town

London

County/Region

Postcode

E

1

6

R

A

Country

DX

Telephone



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1.

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Further information

For further information, please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Registered number: FC024762

Guinness Atkinson Asset Management, Inc.

Annual Report and Financial Statements

For the Year Ended 31 December 2022

Guinness Atkinson Asset Management, Inc.

Company Information

Directors

J Atkinson
T Guinness
E Harriss
E Guinness

Company secretary

J Atkinson

Registered number

FC024762

Registered office

225 South Lake Avenue
Suite 216
Pasadena
California
United States of America
91101

Independent auditors

Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
Second Floor
168 Shoreditch High Street
London
E1 6RA

Guinness Atkinson Asset Management, Inc.

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**Strategic Report
For the Year Ended 31 December 2022**

Business review

During 2022 the Company's principal client was Guinness Atkinson Funds ("GA") a Delaware trust operating both SEC registered 40 Act no load mutual funds and exchange traded funds ("ETFs").

The turnover of the company represents the investment management fees which are based on a percentage of the funds under management.

For the year ended 31 December 2022, the key performance indicators were turnover of \$2.5m (2021: \$3.3m) and loss before tax of \$0.1m (2021: \$0.6m profit). Funds under management stood at \$273m at the year-end (2021: \$403m).

Principal risks and uncertainties

The Firm's main categories of risk and its management objectives and policies for these categories are as follows:

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, including legal risk. The directors are responsible for the day to day running of the business and have instituted procedures for monitoring and mitigating operational risk that are appropriate to the size and complexity of the business.

Business risk

The firm's risk appetite and its willingness to accept business risk is evaluated and documented by the directors. The risk management function is discussed at meetings of the Board of Directors. Business strategy is managed and updated on a day to day basis by the firm's directors.

Credit risk

Credit risk is the risk that losses may arise as a result of the Company's clients failing to meet their obligations to settle debts. A list of the firm's exposure to counterparties is maintained as part of the accounting function and monthly management accounts detail the firm's exposure to credit risk which is judged not to be material.

Market risk

Market risk is the risk of changes to the value of assets held by the Company due to movements in foreign exchange rates or stock markets. The Company's exposure to foreign exchange rate fluctuations is due to assets held in currencies other than US dollars. Foreign exchange risk is monitored as part of the accounting function and currency balances are reviewed weekly. If a material foreign currency exposure were to arise then foreign currency hedges would be entered into if deemed appropriate. The Company's exposure to stock market movements is due to investments in funds which invest in equities and are therefore subject to changes in values of those equities.

Financial risk

Financial risk is the risk of the firm breaching regulatory capital requirements or falling short of its cash flow obligations. This is monitored as part of the accounting function and reviewed by the directors and where necessary external advice is sought from compliance consultants and/or accountants. Internal reporting to the Board of Directors is on a monthly basis and Regulatory reporting to the FCA is on a semi-annual basis. A potential deficit would be identified at an early stage and appropriate action taken.

**Strategic Report (continued)
For the Year Ended 31 December 2022**

Russian invasion of Ukraine

Management have considered the impact of the Russian invasion of Ukraine and its impact on the company's 2023 performance as well as the overall going concern of the business. There is the potential for an escalation in the conflict globally which would impact negatively on the company's revenues derived from the value of funds under management. Similarly, there is the potential for a peaceful resolution at some point in the coming months although that appears remote currently. However, in both scenarios we consider that the financial position of the company is strong with sufficient net assets and cash reserves to continue to settle liabilities as they fall due.

Directors' statement of compliance with duty to promote the success of the Company

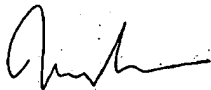
The directors consider, both individually and collectively, that the manner in which they have acted and the decisions that they have made during the year ended 31 December 2022 have been those most likely to promote success for the benefit of its members.

The directors engage in setting, approving and executing the agreed strategic vision, and regularly review business performance, risk and compliance, health and safety and corporate responsibility matters at both board and informal meetings.

The company seeks to build long-term, trusted and mutually beneficial relationships with both clients and suppliers. Employees are encouraged to recommend strategic and operational improvements at regular communication meetings, informal meetings and social activities and the company seeks at all times to prioritise the safety and welfare of its staff.

Wherever possible, the company aims to positively impact upon the environment and to make as constructive a contribution as possible to the local community.

This report was approved by the board and signed on its behalf.



T Guinness
Director
Date: 18/04/2023

**Directors' Report
For the Year Ended 31 December 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to \$158,257 (2021: profit \$559,891).

The Company paid a dividend of \$182,193 on 29st April 2022 relating to the financial years ended 31st December 2020 and 31st December 2021.

Directors

The directors who served during the year were:

J Atkinson
T Guinness
E Harriss
E Guinness

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to 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.

Matters covered in the Strategic Report

Items required under Schedule 7 to be disclosed in the director's report are set out in the strategic report, in accordance with s.414C(11) CA 2006.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Guinness Atkinson Asset Management, Inc.

**Directors' Report (continued)
For the Year Ended 31 December 2022**

Disclosure of information to auditors

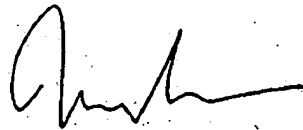
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



T Guinness
Director
Date: 18/04/2023

Independent Auditors' Report to the Members of Guinness Atkinson Asset Management, Inc.

Opinion

We have audited the financial statements of Guinness Atkinson Asset Management, Inc. (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

**Independent Auditors' Report to the Members of Guinness Atkinson Asset Management, Inc.
(continued)**

Opinion 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 3, 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.

Independent Auditors' Report to the Members of Guinness Atkinson Asset Management, Inc.
(continued)

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

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to FCA compliance, Money Laundering regulations, Bribery Act 2010 and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investments. Audit procedures performed by the engagement included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations including non-compliance with FCA regulations and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Reviewing key correspondence with the FCA during the year, compliance reports submitted in the year and consideration of the entity's ability to meet its capital adequacy requirements under FCA rules; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities; and
- Performing bank statement integrity testing by ensuring that transactions recorded in the cash ledger are also present in the bank statements provided; and
- Confirmation of related parties with management; and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance, and reviewing correspondence with relevant tax and regulatory authorities; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud.

**Independent Auditors' Report to the Members of Guinness Atkinson Asset Management, Inc.
(continued)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

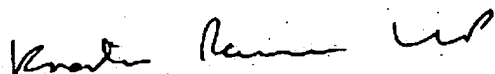
As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.



Stephen Tanner BSc (Econ) FCA (Senior Statutory Auditor)
for and on behalf of

Kreston Reeves LLP

Chartered Accountants

Statutory Auditor

168 Shoreditch High Street

E1 6RA

Date: 18 April 2023

Guinness Atkinson Asset Management, Inc.

**Statement of Comprehensive Income
For the Year Ended 31 December 2022**

	Note	2022 \$	2021 \$
Turnover	4	2,474,821	3,258,330
Cost of sales		(701,807)	(1,284,820)
Gross profit		1,773,014	1,973,510
Distribution costs		(546,618)	(628,279)
Administrative expenses		(1,315,917)	(851,508)
Other operating income		(46,508)	55,624
Operating (loss)/profit	7	(136,029)	549,347
Income from dividends		16,135	9,813
Interest receivable and similar income	10	115	731
(Loss)/profit before tax		(119,779)	559,891
Tax on (loss)/profit	11	(38,478)	-
(Loss)/profit for the financial year		(158,257)	559,891

There was no other comprehensive income for 2022 (2021: \$NIL).

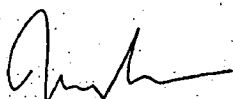
The notes on pages 13 to 21 form part of these financial statements.

Guinness Atkinson Asset Management, Inc.
Registered number: FC024762

Balance Sheet
As at 31 December 2022

	Note		2022 \$	2021 \$
Current assets				
Debtors: amounts falling due within one year	13	129,208	402,315	
Current asset investments	14	690,072	510,086	
Cash at bank and in hand	15	773,035	1,067,013	
		<u>1,592,315</u>	<u>1,979,414</u>	
Creditors: amounts falling due within one year	16	(191,529)	(238,178)	
Net current assets			<u>1,400,786</u>	<u>1,741,236</u>
Total assets less current liabilities			<u>1,400,786</u>	<u>1,741,236</u>
Net assets			<u>1,400,786</u>	<u>1,741,236</u>
Capital and reserves				
Called up share capital	19	42	42	
Share premium account	18	656,909	656,909	
Profit and loss account	18	743,835	1,084,285	
		<u>1,400,786</u>	<u>1,741,236</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



T Guinness
 Director
 Date: 18/04/2023

The notes on pages 13 to 21 form part of these financial statements.

Guinness Atkinson Asset Management, Inc.

**Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	\$	\$	\$	\$
At 1 January 2021	42	656,909	524,394	1,181,345
Comprehensive income for the year				
Profit for the year	-	-	559,891	559,891
At 1 January 2022	42	656,909	1,084,285	1,741,236
Comprehensive income for the year				
Loss for the year	-	-	(158,257)	(158,257)
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(182,193)	(182,193)
At 31 December 2022	42	656,909	743,835	1,400,786

The notes on pages 13 to 21 form part of these financial statements.

Guinness Atkinson Asset Management, Inc.

**Statement of Cash Flows
For the Year Ended 31 December 2022**

	2022 \$	2021 \$
Cash flows from operating activities		
(Loss)/profit for the financial year	(158,257)	559,891
Adjustments for:		
Depreciation of tangible assets	-	1,226
Interest received and income from dividends	(16,250)	(10,544)
Taxation charge	38,478	-
Decrease/(increase) in debtors	273,107	(177,535)
(Decrease) in creditors	(85,127)	(510)
Net fair value losses/(gains) recognised in P&L	39,750	(2,845)
Corporation tax received/(paid)	-	(19,627)
Net cash generated from operating activities	<u>91,701</u>	<u>350,056</u>
Cash flows from investing activities		
Purchase of short-term listed investments	(219,736)	(27,543)
Sale of short-term listed investments	-	125,900
Interest received	115	731
Income from investments in related companies	16,135	9,813
Net cash from investing activities	<u>(203,486)</u>	<u>108,901</u>
Cash flows from financing activities		
Dividends paid	(182,193)	-
Net cash used in financing activities	<u>(182,193)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	<u>(293,978)</u>	<u>458,957</u>
Cash and cash equivalents at beginning of year	1,067,013	608,056
Cash and cash equivalents at the end of year	<u><u>773,035</u></u>	<u><u>1,067,013</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	773,035	1,067,013
	<u><u>773,035</u></u>	<u><u>1,067,013</u></u>

The notes on pages 13 to 21 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

1. General information

Guinness Atkinson Asset Management Inc. (the company) is a limited liability company incorporated under the state law of Delaware, United States of America. The address of its registered office and principal place of business are disclosed on the company information page, at the front of these financial statements. The principal activity of the company is the provision of investment management services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. This conclusion that going concern is the most appropriate basis follows the consideration of the company's future trading prospects, its working capital requirements and cashflows, as well as the on-going economic impact of the energy cost crisis exacerbated by the Russian invasion of Ukraine, the impact of which the directors have now been able to assess.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

2.4 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.7 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is US Dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

No significant judgements have had to be made by management in preparing these financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 \$	2021 \$
Management Fees	2,474,821	3,258,330
	<u>2,474,821</u>	<u>3,258,330</u>

Analysis of turnover by country of destination:

	2022 \$	2021 \$
United Kingdom	495,072	651,665
USA	1,979,749	2,606,665
	<u>2,474,821</u>	<u>3,258,330</u>

5. Directors' remuneration

	2022 \$	2021 \$
Directors' emoluments	280,174	258,990
	<u>280,174</u>	<u>258,990</u>

The highest paid director received remuneration of \$280,174 (2021 - \$258,990).

6. Other operating income and charges

	2022 \$	2021 \$
Losses on foreign exchange	(19,797)	(4,812)
Realised and unrealised gains on current asset investments	46,508	9,535
Covid-19 loan forgiveness	-	50,901
	<u>26,711</u>	<u>55,624</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

7. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022	2021
	\$	\$
Depreciation of tangible fixed assets	-	1,226
Investment management research	72	71
Fees payable to the company's auditor and its associate for the audit of the Company's annual financial statements	18,691	16,577
Exchange differences in the year	19,797	4,812
	<u>19,797</u>	<u>4,812</u>

8. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2022	2021
	\$	\$
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	14,470	13,934
Fees payable to the Company's auditors and their associates in connection with the Company's pension scheme(s) in respect of:		
Taxation compliance services	1,206	822
FCA Compliance	3,015	1,200
All other services	-	1,623
	<u>1,206</u>	<u>1,623</u>

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	\$	\$
Wages and salaries	475,253	499,885
Social security costs	15,145	30,036
	<u>490,398</u>	<u>529,921</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Employees	7	7
	<u>7</u>	<u>7</u>

Notes to the Financial Statements
For the Year Ended 31 December 2022

10. Interest receivable and similar income

	2022 \$	2021 \$
Other interest receivable	115	731
	<u>115</u>	<u>731</u>

11. Taxation

	2022 \$	2021 \$
Corporation tax		
Current tax on profits for the year	38,478	-
Total current tax	<u>38,478</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 \$	2021 \$
(Loss)/profit on ordinary activities before tax	<u>(119,779)</u>	<u>559,891</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(22,758)	106,379
Effects of:		
Expenses (deductible)/not deductible for tax purposes, other than goodwill amortisation and impairment	(7,944)	3,874
Capital allowances for year in excess of depreciation	-	(178)
Profits related to foreign branch subject to foreign tax	69,180	(110,075)
Total tax charge for the year	<u>38,478</u>	<u>-</u>

Factors that may affect future tax charges

Since 1 April 2017 there has been a single rate of corporation tax of 19% in place. From 1 April 2023, the main rate of corporation tax will rise to 25% for companies with profits over £250,000. For companies with profits of £50,000 or less, they will pay corporation tax at the small profits rate of 19%. Where a company's profits fall between £50,000 and £250,000, they will pay corporation tax at the main rate reduced by marginal relief. The upper and lower limits will be proportionally reduced for short accounting periods and where there are associated companies.

Guinness Atkinson Asset Management, Inc.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

12. Dividends

	2022 \$	2021 \$
Dividends: Equity Capital	182,193	-
	<u>182,193</u>	<u>-</u>

13. Debtors

	2022 \$	2021 \$
Trade debtors	105,323	288,897
Other debtors	4,840	101,282
Prepayments and accrued income	19,045	12,136
	<u>129,208</u>	<u>402,315</u>

14. Current asset investments

	2022 \$	2021 \$
Investments brought forward	510,086	605,598
Investment additions	219,736	27,543
Investment sales	-	(125,900)
Investment realised/unrealised gains/(losses)	(39,750)	2,845
	<u>690,072</u>	<u>510,086</u>

15. Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank and in hand	773,035	1,067,013
Less: bank overdrafts	(85)	-
	<u>772,950</u>	<u>1,067,013</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

16. Creditors: Amounts falling due within one year

	2022	2021
	\$	\$
Bank overdrafts	85	-
Trade creditors	18,994	90,120
Corporation tax	38,478	-
Other taxation and social security	6,754	6,020
Accruals and deferred income	127,218	142,038
	<u>191,529</u>	<u>238,178</u>

17. Financial instruments

	2022	2021
	\$	\$
Financial assets		
Financial assets measured at fair value through profit or loss	<u>690,072</u>	<u>510,086</u>

Financial assets measured at fair value through profit or loss comprise seed capital investments held.

18. Reserves

Share capital

This represents the nominal value of shares that have been issued by the company.

Share premium account

This represents the amount paid in excess of the nominal value of shares that have been issued by the company.

Profit and loss account

This reserve comprise all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

Guinness Atkinson Asset Management, Inc.

Notes to the Financial Statements For the Year Ended 31 December 2022

19. Share capital

	2022 \$	2021 \$
Allotted, called up and fully paid		
3,600 (2021 - 3,600) Ordinary shares of \$0.01 each	<u>36</u>	<u>36</u>
Allotted, called up and partly paid		
574 (2021 - 574) Ordinary shares of \$0.01 each	<u>6</u>	<u>6</u>

20. Related party transactions

During the year, the company transacted with Guinness Asset Management Limited, a company under common control. The total recharges from Guinness Asset Management Limited in regard to salaries and office rental were \$201,983 (2021: \$564,247) and the company paid \$257,077 (2021: \$509,779) during the year.

The total recharges from the company to Guinness Asset Management Limited in regard to administrative expenses were \$2,214 (2021: \$2,387) and the company received \$2,214 (2021: \$2,320) from Guinness Asset Management Limited during the year. At the balance sheet date the company owed \$5,894 (2021: \$54,552) to Guinness Asset Management Limited.

21. Controlling party

The company is under the control of T Guinness and J Atkinson, both directors of the company, who between them own 85% of the issued share capital.