

Registered number: 04959887

**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

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The following pages do not form part of the statutory financial statements:

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## PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	J Keane J M Westman
<b>Registered number</b>	04959887
<b>Registered office</b>	3rd Floor 207 Regent Street London W1B 3HH
<b>Administrators</b>	Blick Rothenberg Limited 16 Great Queen Street London WC2B 5AH
<b>Independent Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
<b>Accountants</b>	Blick Rothenberg Limited 16 Great Queen Street London WC2B 5AH

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their report and the financial statements for the year ended 31 December 2021.

### Results and dividends

The profit for the year, after taxation, amounted to £1,995,502 (2020 - £2,379,187).

During the year the Company paid a final dividend in respect of the year ended 31 December 2020 amounting to £2,500,000 (2020: £1,600,000 in respect of 2019). The directors have not recommended a dividend (2020: £2,500,000) for the year ended 31 December 2021.

### Directors

The directors who served during the year were:

J Keane  
J M Westman

### Going concern

On February 24, 2022, Russia invaded Ukraine. In addition to tragic human consequences of the war, economic consequences included suspension of trading on the Moscow Stock Exchange on February 25, 2022, and subsequently the suspension of trading of various depository receipts, various sanctions being imposed on Russian individuals and companies, and retaliatory sanctions by the Russian government on foreign entities.

The investment funds and accounts managed by the Group have significant investments in Russian companies, and because it has not been possible to trade those Russian securities after February 25, 2022, the investment funds managed by the Group suspended calculations of the valuations of their portfolios, as well as the issuance and the redemption of shares in those entities. The accounts managed by the Group were also affected, as the inability to trade Russian securities prevents the Group from meeting the investment objectives.

The investment funds and accounts managed by the Group continue to maintain adequate cash balances to cover expenses incurred, including any management fees payable to the ultimate parent company. The investment funds and mandates hold some non-Russian securities, which are still able to be sold to raise cash to settle liabilities if necessary. In June 2022, some of the investment funds managed by the Group agreed to use alternative calculations of portfolio values in order to calculate management fees, although only certain management fees have been paid in 2022. The Directors of the investment funds will continue to meet regularly to consider lifting the suspension of portfolio valuation calculations and the resumption of the regular payment of management fees, in the event that the sale of securities becomes possible and there is sufficient liquidity.

The directors have prepared a cash flow forecast which represents a plausible downside scenario for the purposes of assessing going concern. This forecast indicates that the Group and company will have sufficient funds to meet its liabilities as they fall due for at least the next twelve months from the date of approval of these financial statements. The forecast assumes no new revenue streams or the resumption of revenue streams that have ceased since the invasion of Ukraine, and assumes all revenues, including revenue due from the Group's parent company are collected. It also assumes the current level of expenditure and no new capital expenditure. The Group does not have any long-term debt obligations and has a flexible cost structure which, to an extent, can be adjusted if conditions do not improve for a sustained period or further deteriorate. The Directors have also considered the impact of a more severe downside scenario, where a reduction in revenue is forecast based on a reduction of revenue from the group's ultimate parent company. Under this scenario the Directors have assessed that the Group and company will continue to have sufficient funds to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

## PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Going concern (continued)

The Group will continue to monitor the sanctions environment, securities markets and geopolitical events, as well as regularly updating cash flow forecasts.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, as a result of the impact of the invasion of Ukraine on the Group and company's ability to generate revenue the directors have concluded that there is a material uncertainty related to events or conditions that may cast significant doubt on the Group and the company's ability to continue as a going concern and, therefore, that the Group and company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### Matters covered in the strategic report

As permitted by Section 414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008, in the strategic report.

#### Disclosure of information to Auditor

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 auditor is 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 auditor is aware of that information.

#### Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

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

J Keane  
Director

Date

14 October 2022

# **PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**

## **GROUP STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Introduction**

The directors present their strategic report on the Company and the Group for the year ended 31 December 2021.

The principal activities of the Group during the year were those of providing client investment services and marketing thereon and the provision of fund management to a number of investment funds.

#### **Business review and future developments**

During the year the Group saw a decrease in turnover as discussed on page 5 within the section dealing with financial key performance indicators. There was a corresponding decrease in commissions and rebates payable. As a result, gross profit margin decreased in 2021 to 53.7% (2020: 55.5%).

There was a slight increase in administrative expenses from £2,230,355 in 2020 to £2,489,655 which was driven by increased staff costs and trade subscriptions in the year.

In 2020 the Group incurred a foreign exchange loss of £61,972, however, during the current year the Group made a smaller foreign exchange loss of £33,378.

Mainly as a result of the decreased gross profit the operating profit has decreased from £2,929,015 to £2,466,732 for the current year.

The directors will continue to look for opportunities to expand and develop the Group's business.

#### **Conflict in Ukraine**

On February 24, 2022, Russia invaded Ukraine. In addition to tragic human consequences of the war, economic consequences include: suspension of trading on the Moscow Exchange on February 25, 2022, suspension of trading of various depositary receipts, and the imposition of various sanctions on Russian individuals and companies, and retaliatory sanctions by the Russian government on foreign entities. As a result of the extreme price volatility, illiquidity and settlement uncertainty, valuations, redemptions and subscriptions of the funds mandates that the Group manages have been suspended. In addition the calculation and payment of management and performance fees for the funds and mandates were interrupted for some time. Fee calculations and payments for some funds and mandates have resumed based on alternative calculation methodologies. The duration of the suspension of the valuations and the interruption of the remaining revenues of the Group cannot be estimated at this point.

The Directors believe the Group has sufficient cash to meet its liabilities for the next twelve months; and therefore consider the going concern assumption to be appropriate.

#### **United Kingdom exit from the European Union**

In relation to the assessment and monitoring of economic, political and regulatory risks, the Group continues to evaluate the impact of the UK having left the EU on the Group's business strategy and business risks in the short, medium and long term.

In the short term there has been no significant impact on the Group's business activities, and there has been no immediate change in the business strategy and it has not affected the going concern position of the Group. Now that the landscape is a little clearer, the Group will continue to closely monitor developments and will make appropriate changes to the business strategy once the impact on the European service industry is more certain.

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### COVID-19

The COVID-19 pandemic continues to affect the global economy and is closely monitored by the directors. The Group has prepared a cash forecast and has stress tested using various scenarios, and as a result, the Directors do not expect the disruptions caused by the pandemic to have an impact on the financial viability of the Group for at least the next 12 months. The Group will continue to assess the impact over the coming months.

### Principal risks and uncertainties

The Group incurs, during the course of the business, market and operational risks for which it has sufficient controls in place to mitigate.

The Group's traditional income is derived from client investment services and marketing provided to the parent company. Consequently the Group has no exposure to price, credit, liquidity, or cashflow risk on that business. The Group incurs its costs primarily in sterling and recovers the majority of costs in that currency.

In addition, the Group provides investment management services to a number of investment funds for which it receives a fee. Those funds invest in Russian listed and unlisted entities and therefore the liquidity of those investments are now impacted by the conflict in the Ukraine. Fees are dependent upon the value of the assets under management and the return on those assets and therefore the Company is exposed to market risks. The Group seeks to minimise the level of risk through active management of the funds. Fees for such services are largely invoiced in US Dollars and therefore the Group is exposed to credit, foreign currency and cash flow risks. The directors have not hedged against the foreign currency risk, as dividends are paid to the parent company in US Dollars. The assessed impact of this is more fully explained in the Going Concern section in the Directors' Report.

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. The directors monitor any risks with a high potential impact on a regular basis. The business uses various monitoring measurements, such as key risk indicators data to monitor the status of the risk and control environment. They also identify and capture any loss events, taking appropriate action to address actual control breakdowns and promote internal learning.

### Financial key performance indicators

The Group's key performance indicator is turnover. Turnover for the year decreased £148,381 to £9,266,343 (2020: £9,414,724). The net decrease in turnover was due to a small increase in fund management service fees (comprising both performance fees and fixed fees) received, amounting to £7,583,834 (2020: £7,351,398), a decrease in client service fees, amounting to £1,682,509 (2020: £1,874,876), and an end to advisory work provided by the Group (2020: £188,450).

A large element of the Group's income is derived from fund management fees which include a performance element. The client service stream is partly dependent upon the needs of the parent company and an associated company. Therefore the Group's results are particularly susceptible to changes in the funds under management.

The Group earned £6,488,141 in fixed fees during 2021 (2020: £5,803,840), the increase in fees generated in the year is due to an increase in funds under management. The Group earned £1,095,693 in performance fees during 2021 (2020: £1,547,558), the decrease in fees generated in the year is reflective of mixed investment conditions in the Group's targeted markets which resulted on balance in a negative relative performance. The amount of performance fees to be earned in future periods is uncertain.

Client service fees relate to fees charged by the Group to Prosperity Capital Management Limited, the parent company. Client service fees are based on a percentage of administrative expenses after deducting those costs related to certain departments.

# **PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**

## **GROUP STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Statement by the directors on performance of his statutory duties in accordance with S172 (1) Companies Act 2006**

The board of directors of Prosperity Capital Management (UK) Limited have considered, both collectively and individually, that they have acted in a way that they consider, in good faith, would be most likely to promote the success of the Company for its member and its stakeholders as a whole. The directors have considered the requirements of Section 172 (1)(a) to (f) as follows:

#### **a) The likely consequences of any decision in the long term**

The directors consider the medium and long term impact of decisions when formulating plans and strategic direction for the Company and Group whilst being mindful of the short term. The directors set long term plans in agreement with the Company's member, Prosperity Capital Management Limited, with annual forecasts being prepared.

#### **b) The interests of the Company's employees**

The directors consider our people to be our greatest asset and the interests of our employees are always taken into consideration in the decisions that are made. An "open" environment is encouraged and the Company aims to be a responsible employer in its approach to employee matters including pay and benefits, diversity and inclusion, training, development and career opportunities.

#### **c) The need to foster the Company's business relationships with suppliers, customers and others**

Management work closely with our clients to ensure they are kept abreast of the broad investment strategy for the short and medium term, and how we view the current geopolitical scenario. Management work closely with suppliers to build long term relationships and common goals. Our aim is to work with our suppliers in an environment that reflects the values and behaviours we would expect from our own people, including ensuring they adhere to our strict anti-bribery and corruption policies. The directors endeavour to ensure that credit terms are met.

The directors continue to strive for the highest standards to ensure the Company continues to maintain its Financial Conduct Authority authorised status.

#### **d) The impact of the Company's operations on the community and environment**

The directors are mindful of the business impact on the general community and the society we operate within. The directors regularly consider our environmental impact, and seek to reduce wherever possible our environmental footprint.

#### **e) The desirability of the Company maintaining a reputation for high standards of business conduct**

The directors believe it is crucial that the Company is trusted by all stakeholders to maintain the highest standards in business and corporate governance. The intention is to behave responsibly and ensure that management operate the business in an accountable manner and, in doing so, will contribute to the continued success of the Company.

#### **f) The need to act fairly as between members of the Company**

The Company has one member, Prosperity Capital Management Limited, and the directors have regular and open dialogue with its representatives. The directors consider on a year by year basis the capital allocation and dividend policy, after taking into account the events and position of the Company.



## PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Pillar 3 disclosures

Details of the Company's unaudited Pillar 3 disclosures, required under Chapter 11 of the FCA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), are attached in an appendix to these financial statements.

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

J Keane  
Director

Date:

14 OCTOBER 2022

## **PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the Strategic report, the Directors' report and the consolidated 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

We have audited the financial statements of Prosperity Capital Management (UK) Limited ("the Company") for the year ended 31/12/2021 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 2.3 to the financial statements which explains that the economic consequences of Russia's invasion of Ukraine have a significant impact on the Group's ability to earn revenues from the entities and accounts where they provide investment management services. These events and conditions, along with the other matters explained in note 2.3, constitute a material uncertainty that may cast significant doubt on the Group's and the parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management

## PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is non-judgmental with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included all material post year end closing journals.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the accounts varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the accounts including financial reporting legislation (including related companies' legislation), distributable profit legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, employment law, health and safety, data protection, anti-money laundering, market abuse regulation and financial service regulations including Client Asset and specific areas of regulatory capital and liquidity and certain aspects of the company legislation and financial service legislation recognising the financial and regulated nature of the Company's activities and legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

## PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS, AS A BODY, OF PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### The purpose of our audit work and to whom we owe our responsibilities

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.



John Waterson (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
Date

18 October 2022

**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	3	9,266,343	9,414,724
Cost of sales		(4,289,381)	(4,193,382)
<b>Gross profit</b>		<b>4,976,962</b>	<b>5,221,342</b>
Administrative expenses		(2,489,655)	(2,230,355)
Other operating charges		(20,575)	(61,972)
<b>Operating profit</b>	5	<b>2,466,732</b>	<b>2,929,015</b>
Interest receivable and similar income	9	1,265	17,626
Interest payable and expenses	10	(346)	(192)
<b>Profit before tax</b>		<b>2,467,651</b>	<b>2,946,449</b>
Tax on profit	11	(472,149)	(567,262)
<b>Profit for the financial year</b>		<b>1,995,502</b>	<b>2,379,187</b>
<b>Other comprehensive income for the year</b>			
Currency translation differences		(9,092)	8,958
<b>Other comprehensive income for the year</b>		<b>(9,092)</b>	<b>8,958</b>
<b>Total comprehensive income for the year</b>		<b>1,986,410</b>	<b>2,388,145</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		1,995,502	2,379,187
		<b>1,995,502</b>	<b>2,379,187</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 19 to 34 form part of these financial statements.

**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED****CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	154,849	47,351
		<u>154,849</u>	<u>47,351</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	2,787,415	3,063,413
Cash at bank and in hand	16	3,242,197	3,444,989
		<u>6,029,612</u>	<u>6,508,402</u>
Creditors: amounts falling due within one year	17	(2,237,901)	(2,096,689)
<b>Net current assets</b>		<u>3,791,711</u>	<u>4,411,713</u>
<b>Total assets less current liabilities</b>		<u>3,946,560</u>	<u>4,459,064</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	(2,965)	(1,879)
<b>Net assets</b>		<u><u>3,943,595</u></u>	<u><u>4,457,185</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	400,000	400,000
Foreign exchange reserve		(134)	8,958
Profit and loss account		3,543,729	4,048,227
<b>Total equity</b>		<u><u>3,943,595</u></u>	<u><u>4,457,185</u></u>

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

J Keane  
Director

Date 14 October 2022

The notes on pages 19 to 34 form part of these financial statements.



**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED****COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	11,998	15,906
Investments	14	104,167	104,167
		<u>116,165</u>	<u>120,073</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	3,024,727	2,829,774
Cash at bank and in hand	16	3,167,057	3,373,500
		<u>6,191,784</u>	<u>6,203,274</u>
Creditors: amounts falling due within one year	17	(2,398,071)	(1,878,663)
<b>Net current assets</b>		<u>3,793,713</u>	<u>4,324,611</u>
<b>Total assets less current liabilities</b>		<u>3,909,878</u>	<u>4,444,684</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	(2,965)	(1,879)
		<u>(2,965)</u>	<u>(1,879)</u>
<b>Net assets</b>		<u>3,906,913</u>	<u>4,442,805</u>
<b>Capital and reserves</b>			
Called up share capital	19	400,000	400,000
Profit and loss account		3,506,913	4,042,805
<b>Total equity</b>		<u>3,906,913</u>	<u>4,442,805</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the Parent Company for the year was £1,964,108 (2020: £2,373,765).

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

J Keane  
Director

14 October 2022

The notes on pages 19 to 34 form part of these financial statements.

**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
<b>At 1 January 2020</b>	400,000	-	3,269,040	3,669,040	3,669,040
<b>Comprehensive income for the year</b>					
Profit for the financial year	-	-	2,379,187	2,379,187	2,379,187
Currency translation differences	-	8,958	-	8,958	8,958
<b>Total comprehensive income for the year</b>	-	8,958	2,379,187	2,388,145	2,388,145
Dividends: Equity capital	-	-	(1,600,000)	(1,600,000)	(1,600,000)
<b>Total transactions with owners</b>	-	-	(1,600,000)	(1,600,000)	(1,600,000)
<b>At 1 January 2021</b>	400,000	8,958	4,048,227	4,457,185	4,457,185
<b>Comprehensive income for the year</b>					
Profit for the financial year	-	-	1,995,502	1,995,502	1,995,502
Currency translation differences	-	(9,092)	-	(9,092)	(9,092)
<b>Total comprehensive income for the year</b>	-	(9,092)	1,995,502	1,986,410	1,986,410
Dividends: Equity capital	-	-	(2,500,000)	(2,500,000)	(2,500,000)
<b>Total transactions with owners</b>	-	-	(2,500,000)	(2,500,000)	(2,500,000)
<b>At 31 December 2021</b>	400,000	(134)	3,543,729	3,943,595	3,943,595

The notes on pages 19 to 34 form part of these financial statements.

**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	400,000	3,269,040	3,669,040
Comprehensive income for the year			
Profit for the financial year	-	2,373,765	2,373,765
<b>Total comprehensive income for the year</b>	-	<b>2,373,765</b>	<b>2,373,765</b>
Dividends: Equity capital	-	(1,600,000)	(1,600,000)
<b>Total transactions with owners</b>	-	<b>(1,600,000)</b>	<b>(1,600,000)</b>
At 1 January 2021	400,000	4,042,805	4,442,805
Comprehensive income for the year			
Profit for the financial year	-	1,964,108	1,964,108
<b>Total comprehensive income for the year</b>	-	<b>1,964,108</b>	<b>1,964,108</b>
Dividends: Equity capital	-	(2,500,000)	(2,500,000)
<b>Total transactions with owners</b>	-	<b>(2,500,000)</b>	<b>(2,500,000)</b>
At 31 December 2021	400,000	3,506,913	3,906,913

The notes on pages 19 to 34 form part of these financial statements.

**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,995,502	2,379,187
<b>Adjustments for:</b>		
Depreciation of tangible assets	28,507	8,702
Loss on disposal of tangible assets	(500)	-
Interest expense	346	192
Interest income	(1,265)	(17,626)
Taxation charge	472,149	567,262
Decrease/(increase) in debtors	440,855	(727,364)
Increase in amounts owed by groups	(164,857)	(246,415)
Increase in creditors	113,664	483,467
Corporation tax (paid)	(443,515)	(699,052)
<b>Net cash generated from operating activities</b>	<b>2,440,886</b>	<b>1,748,353</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(140,493)	(38,796)
Sale of tangible fixed assets	500	-
Interest received	1,265	17,626
<b>Net cash from Investing activities</b>	<b>(138,728)</b>	<b>(21,170)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(2,500,000)	(1,600,000)
Interest paid	(346)	(192)
<b>Net cash used in financing activities</b>	<b>(2,500,346)</b>	<b>(1,600,192)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(198,188)</b>	<b>126,991</b>
Cash and cash equivalents at beginning of year	3,444,989	3,309,241
Foreign exchange gains and losses	(4,604)	8,757
<b>Cash and cash equivalents at the end of year</b>	<b>3,242,197</b>	<b>3,444,989</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,242,197	3,444,989

The notes on pages 19 to 34 form part of these financial statements.

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1. General information

Prosperity Capital Management (UK) Limited is a private company limited by shares incorporated and registered in England and Wales. Its registered office is 3rd Floor, 207 Regent Street, London, W1B 3HH and principal place of business is 5th Floor, 184-186 Regent Street, London W1B 5TW.

The principal activities of the Company and Group during the year continued to be that of the provision of client investment services and marketing services to its parent company, and investment management services to a number of investment funds.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The Group and Parent Company 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 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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. The directors do not consider there to be any significant estimates or areas of management judgement in these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The following principal accounting policies have been applied:

#### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.3 Going concern

On February 24, 2022, Russia invaded Ukraine. In addition to tragic human consequences of the war, economic consequences included suspension of trading on the Moscow Stock Exchange on February 25, 2022, and subsequently the suspension of trading of various depository receipts, various sanctions being imposed on Russian individuals and companies, and retaliatory sanctions by the Russian government on foreign entities.

The investment funds and accounts managed by the Group have significant investments in Russian companies, and because it has not been possible to trade those Russian securities after February 25, 2022, the investment funds managed by the Group suspended calculations of the valuations of their portfolios, as well as the issuance and the redemption of shares in those entities. The accounts managed by the Group were also affected, as the inability to trade Russian securities prevents the Group from meeting the investment objectives.

The investment funds and accounts managed by the Group continue to maintain adequate cash balances to cover expenses incurred, including any management fees payable to the ultimate parent company. The investment funds and mandates hold some non-Russian securities, which are still able to be sold to raise cash to settle liabilities if necessary. In June 2022, some of the investment funds managed by the Group agreed to use alternative calculations of portfolio values in order to calculate management fees, although only certain management fees have been paid in 2022. The Directors of the investment funds will continue to meet regularly to consider lifting the suspension of portfolio valuation calculations and the resumption of the regular payment of management fees, in the event that the sale of securities becomes possible and there is sufficient liquidity.

The directors have prepared a cash flow forecast which represents a plausible downside scenario for the purposes of assessing going concern. This forecast indicates that the Group and company will have sufficient funds to meet its liabilities as they fall due for at least the next twelve months from the date of approval of these financial statements. The forecast assumes no new revenue streams or the resumption of revenue streams that have ceased since the invasion of Ukraine, and assumes all revenues, including revenue due from the Group's parent company are collected. It also assumes the current level of expenditure and no new capital expenditure. The Group does not have any long-term debt obligations and has a flexible cost structure which, to an extent, can be adjusted if conditions do not improve for a sustained period or further deteriorate. The Directors have also considered the impact of a more severe downside scenario, where a reduction in revenue is forecast based on a reduction of revenue from the group's ultimate parent company. Under this scenario the Directors have assessed that the Group and company will continue to have sufficient funds to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

The Group will continue to monitor the sanctions environment, securities markets and geopolitical events, as well as regularly updating cash flow forecasts.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, as a result of the impact of the invasion of Ukraine on the Group and company's ability to generate revenue the directors have concluded that there is a material uncertainty related to events or conditions that may cast significant doubt on the Group and the company's ability to continue as a going concern and, therefore, that the Group and company may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and Group and the turnover can be reliably measured on an accruals basis. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Management, performance fees and advisory fees are recorded on an accruals basis as earned over the period for which services are provided. Performance fees are recognised when there is certainty of receipt.

#### 2.5 Cost of sales

Cost of sales consists of commissions, rebate expenses and administrative fees payable in relation to turnover. The cost of sales are recognised on an accruals basis at the same time as the related revenue, according to the terms of the agreement.

#### 2.6 Administrative expenses

All expenses are recognised on an accruals basis.

#### 2.7 Employee benefits

The Company provides a range of benefits to employees, including holiday arrangements and pension allowances.

##### Short term benefits

Short term benefits including holiday pay and other non-monetary benefits are recognised as an expense in the period in which the service is received.

##### Pension provision

The Company pays allowances to staff for pension contributions or contributes to pension schemes on behalf of employees. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet.

# **PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **2. Accounting policies (continued)**

#### **2.8 Foreign currency translation**

##### **Functional and presentation currency**

The Company and Group's functional and presentational currency is Sterling (£).

##### **Transactions and balances**

Foreign currency transactions are translated into Sterling 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 the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses are presented in the profit and loss account within 'other operating income/expense'.

The rate of exchange ruling at the balance sheet date is used for translating into sterling the assets and liabilities of the overseas subsidiaries whilst the results and cash flows are translated at the average rate of exchange for the year. Exchange differences arising on consolidation are taken directly to reserves.

#### **2.9 Interest income**

Interest income consists of interest earned on cash and cash equivalents.

#### **2.10 Interest expense**

Interest expense consists of interest charges to profit or loss account on an accruals basis.



# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 2. Accounting policies (continued)

#### 2.11 Current and deferred taxation

The taxation expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except where it relates to items recognised directly in other comprehensive income or in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or previous years.

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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

#### 2.12 Dividends

Equity dividends are recognised when they become legally payable and are approved. Equity dividends are recognised in the profit and loss account.

#### 2.13 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold improvements: Over the term of the lease

Fixtures and fittings: 25% straight line

Computer equipment: 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account.

#### 2.14 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### 2.15 Financial instruments

The Group has only those financial instruments which meet the definition of basic financial instruments. It has no other types of financial instruments.

**PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.15 Financial instruments (continued)**

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's policies for its major classes of financial assets and financial liabilities are set out below.

**Financial assets**

Short term debtors are initially measured at amortised cost, net of transaction costs. They are subsequently measured at amortised cost, less any impairment.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**Financial liabilities**

Trade and other creditors are initially and subsequently measured at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classed as current liabilities if payment is due within one year or less. If not they are presented in creditors due after one year. Trade creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

**2.16 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 3. Turnover

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

	2021 £	2020 £
Investment management fees	7,583,834	7,351,398
Client service fees	1,682,509	1,874,876
Advisory fees	-	188,450
	<u>9,266,343</u>	<u>9,414,724</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
Northern Europe	5,060,788	4,915,637
Middle East	2,523,046	2,435,761
United Kingdom	-	188,450
North America	1,682,509	1,874,876
	<u>9,266,343</u>	<u>9,414,724</u>

### 4. Other operating charges

	2021 £	2020 £
Loss on foreign exchange	20,575	61,972

### 5. Operating profit

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

	2021 £	2020 £
Depreciation of tangible fixed assets	28,507	8,702
Profit on disposal of tangible fixed asset	(5,799)	-
Operating lease rentals	-	-
- plant and machinery	36,418	39,239
- other operating leases	175,131	177,143
Foreign exchange loss	33,378	61,972
Pension allowances	99,012	100,488

## PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	90,000	42,000
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	18,000	12,000
Non audit services - Transfer Pricing	20,000	20,000
All other services	1,500	34,788

#### 7. Employees (Group)

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

	2021 £	2020 £
Wages and salaries	1,102,074	1,089,844
Social security costs	171,540	149,620
Cost of defined contribution scheme	99,012	100,448
	<u>1,372,626</u>	<u>1,339,912</u>

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

	2021 No.	2020 No.
Administrative staff	1	1
Management staff	3	4
Marketing staff	5	3
Advisory staff	-	2
	<u>9</u>	<u>10</u>

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	25,000	64,231
Pension allowance	-	4,708
	<u>25,000</u>	<u>68,939</u>

During the year retirement benefits were accruing to no director (2020: 1) in respect of personal pension schemes.

### 9. Interest receivable

	2021 £	2020 £
Bank interest receivable	<u>1,265</u>	<u>17,626</u>

### 10. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	<u>346</u>	<u>192</u>

### 11. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	460,663	564,878
<b>Foreign tax</b>		
Foreign tax on income for the year	10,400	2,108
<b>Total current tax</b>	<u>471,063</u>	<u>566,986</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	492	276
Changes to tax rates	594	-
<b>Total deferred tax</b>	<u>1,086</u>	<u>276</u>
<b>Taxation on profit on ordinary activities</b>	<u>472,149</u>	<u>567,262</u>

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	2,467,651	2,946,449
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	468,854	559,825
Effects of:		
Expenses not deductible for tax purposes	80	6,501
Capital allowances for year in excess of depreciation	44	259
Higher rate taxes on overseas earnings	2,459	677
Remeasurement of deferred tax for changes in tax rates	712	-
Total tax charge for the year	472,149	567,262

#### Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 12. Dividends (Group and Company)

	2021 £	2020 £
Dividends on equity capital	2,500,000	1,600,000

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 13. Tangible fixed assets

#### Group

	Leasehold Improvements £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2021	114,015	86,504	114,369	314,888
Additions	79,097	54,909	6,487	140,493
Disposals	-	(79,897)	-	(79,897)
Exchange adjustments	(2,704)	(1,054)	(1,182)	(4,940)
At 31 December 2021	190,408	60,462	119,674	370,544
<b>Depreciation</b>				
At 1 January 2021	90,896	86,504	90,137	267,537
Charge for the year on owned assets	9,232	7,952	11,323	28,507
Disposals	-	(79,897)	-	(79,897)
Exchange adjustments	(156)	(153)	(143)	(452)
At 31 December 2021	99,972	14,406	101,317	215,695
<b>Net book value</b>				
At 31 December 2021	90,436	46,056	18,357	154,849
At 31 December 2020	23,119	-	24,232	47,351

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 13. Tangible fixed assets (continued)

#### Company

	Leasehold Improvement £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2021	97,548	86,504	98,721	282,773
Additions	-	-	3,589	3,589
Disposals	-	(79,897)	-	(79,897)
At 31 December 2021	97,548	6,607	102,310	206,465
<b>Depreciation</b>				
At 1 January 2021	90,896	86,504	89,467	266,867
Charge for the year on owned assets	1,109	-	6,388	7,497
Disposals	-	(79,897)	-	(79,897)
At 31 December 2021	92,005	6,607	95,855	194,467
<b>Net book value</b>				
At 31 December 2021	5,543	-	6,455	11,998
At 31 December 2020	6,652	-	9,254	15,906



# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 14. Fixed asset investments

#### Company

Investments  
in  
subsidiary  
company  
£

#### Cost

At 1 January 2021 and 31 December 2021

104,167

#### Subsidiary undertaking

The following is a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
Prosperity Capital Management (FRA) SAS	28, Bis rue de Richelieu 75001, Paris, France	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves €	Profit €
Prosperity Capital Management (FRA) SAS	164,729	33,697

### 15. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts owed by group undertakings	517,677	352,820	911,080	374,632
Other debtors	275,692	239,768	119,601	58,170
Prepayments & accrued income	1,994,046	2,470,825	1,994,046	2,396,972
	<u>2,787,415</u>	<u>3,063,413</u>	<u>3,024,727</u>	<u>2,829,774</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 16. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>3,242,197</u>	<u>3,444,989</u>	<u>3,167,057</u>	<u>3,373,500</u>

### 17. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	68,630	269,594	12,618	44,225
Corporation tax	243,088	215,194	232,888	213,072
Other taxation and social security	26,491	82,164	26,491	82,164
Other creditors	28,523	4,549	-	-
Accruals and deferred income	1,871,169	1,525,188	2,126,074	1,539,202
	<u>2,237,901</u>	<u>2,096,689</u>	<u>2,398,071</u>	<u>1,878,663</u>

### 18. Deferred taxation

#### Group

	2021 £
At beginning of year	1,879
Charged to profit or loss	1,086
At end of year	<u>2,965</u>

# PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 18. Deferred taxation (continued)

#### Company

	2021 £
At beginning of year	1,879
Charged to profit or loss	1,086
At end of year	2,965

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Capital allowances in excess of depreciation	2,965	1,879	2,965	1,879

### 19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
400,000 (2020 - 400,000) ordinary shares of £1.00 each	400,000	400,000

There is a single class of ordinary shares. Under company law there are no restrictions on the distribution of dividends and repayment of capital.

### 20. Analysis of net debt

	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 31 December 2021 £
Cash at bank and in hand	3,444,989	(174,001)	(28,791)	3,242,197
	3,444,989	(174,001)	(28,791)	3,242,197

## PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 21. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Less than 1 year	183,331	188,633	132,533	133,897
Between 1 year and 5 years	203,191	654,108	-	435,165
Later than 5 years	105,828	302,666	-	133,897
	<u>492,350</u>	<u>1,145,407</u>	<u>132,533</u>	<u>702,959</u>

#### 22. Related party transactions

As the Company is a wholly owned subsidiary of Prosperity Capital Management Limited ("PCML"), which prepares consolidated accounts which are not publicly available, it has taken advantage of the exemption contained in paragraph 33.1A of FRS102 and has therefore not separately disclosed transactions or balances with entities which are wholly owned subsidiaries of PCML.

During the year the company invoiced PCML a total of £1,682,509 (2020: £1,874,876) and at year end was owed £517,677 (2020: £352,820).

The only key management personnel remunerated by the Company are the directors, whose remuneration is disclosed in note 8.

There were no other related party transactions during the year (2020: £NIL).

#### 23. Post balance sheet events

As of the date of these financial statements, a receivable in the amount of £757,602 remains outstanding in relation to performance fees earned during the year ended 2021. The Group continues to pursue collection of this receivable, however due to the amount of time that has passed, the Directors believe there is some uncertainty with respect to collection. As the uncertainty arose after the invasion of Ukraine, the non payment and any potential impairment is being treated as a non-adjusting event.

After the year end, the group took the decision to assign an office lease to a third party, which completed on 1 October 2022, and reduces future minimum lease payments by £321,718.

#### 24. Ultimate Controlling Company

The Company is a subsidiary undertaking of Prosperity Capital Management Limited which is also the ultimate controlling company and the largest group in which the results of the Company and its group are consolidated. Its registered office is Box 897, Windward 1, Regatta Office Park, Grand Cayman, KY1-1103, Cayman Islands.