Registered number: 04959887

PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS

PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

COMPANY INFORMATION

Directors	J Keane J M Westman
Registered number	04959887
Registered office	3rd Floor 207 Regent Street London W1B 3HH
Independent Auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

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

Results and dividends

The profit for the year, after taxation, amounted to £161,524 (2021 - £1,995,502).

During the year the company paid a final dividend in respect of the year ended 31 December 2021 amounting to £NIL (2021: £2,500,000 in respect of 2020). The directors have not recommended a dividend (2021: £NIL) for the year ended 31 December 2022.

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 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.

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 its 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. 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. 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. In addition, two of the three managed accounts have agreed to new fee terms, and negotiations are in progress for a new fee structure for the third managed account.

The directors have taken steps to retrench the business including termination of its lease obligations and some redundancies. The directors have prepared a cash flow forecast which is based on reduced income and a lower cost base 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, except where new agreements have been reached 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.

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.

However, the effects of the ongoing war on macroeconomic events and on the ability of the funds to realize their investments cannot be quantified and there remains a material uncertainty over the long-term future of the funds that the Group and Company manage.

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 Group 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, resigned as auditor and Blick Rothenberg Audit LLP was appointed in its place. Blick Rothenberg Audit LLP, will be proposed for appointment 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: 16 October 2023

Introduction

The directors present their strategic report on the Company and the Group for the year ended 31 December 2022.

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 a result of the invasion of Ukraine by Russia and the subsequent imposition of sanctions as discussed on page 3. There was a corresponding decrease in commissions and rebates payable. As a result, gross profit margin increased slightly to 58.7% (2021: 53.7%).

There was a decrease in administrative expenses from £2,489,655 in 2021 to £2,190,782 which was driven by the Group reducing lease costs and professional fees.

In 2021 the Group incurred a foreign exchange loss of £33,378, however, during the current year the Group made a significant exchange gain of £400,697 as a result of the significant weakness of sterling as the company invoices in US dollars and euros.

Mainly as a result of the geopolitical situation operating profit has decreased from £2,466,732 to £190,316 for the current year.

The directors have taken steps to reduce costs where possible and will continue to assess the profitability of the business going forward.

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 fund and mandates that the Group manages have been suspended. In addition the calculation and payment of management 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 and new fee agreements. 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.

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 and mandates for which it receives a fee. Those funds and mandates invest in Russian listed and unlisted entities and therefore the liquidity of those investments is now impacted by the conflict in the Ukraine. Fees for some of the funds and mandates 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 £6,824,967 from £9,266,343 to £2,441,376. The net decrease in turnover was due to a significant decrease in fund management service fees (comprising both performance fees and fixed fees) received, amounting to £954,698 (2021: £7,583,834), and a slight decrease in client service fees, amounting to £1,486,678 (2021: £1,682,509).

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 £1,887,813 in fixed fees during 2022 (2021: £6,488,141), the decrease in fees generated in the year is driven by lower asset values due to market conditions. The Group did not earn any performance fees during the year (2021: £1,095,693), and recognized a net impairment loss of £933,115 on performance fees receivable from 2021. It is unlikely that the Group will receive performance fees in the future as a result of extremely negative market conditions.

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.

Statement by the directors on performance of their 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.

The directors current goal is to try to maximize the remaining value of the investments through dispositions or a wait and hold strategy, depending on investor preferences.

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.

Staff are aware of the uncertainty faced by the business and open discussions about the future of the company are being had continually whilst the directors manage this difficult period.

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.

MIFIDPRU disclosures

Details of the Company's unaudited MIFIDPRU 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: 16 OCTOBER 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Group 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 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Prosperity Capital Management (UK) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Group statement of comprehensive income, the Group and Company balance sheets, the Group statement of cash flows, the Group and Company 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 Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which explains that the economic consequences of Russia's invasion of Ukraine have had a significant impact on the Group's ability to earn revenues from the entities and funds where the Group provides investment management services. These events and conditions, along with the other matters referred to in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included a review of the cashflow forecasts prepared by management and discussions and enquiry to management.

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 auditor's 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.

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 group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the investment management sector;

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, FCA regulation, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with the company's regulator.

Our risk assessment findings for both non-compliance with laws and regulations and the susceptibility of the group's financial statements to material misstatement arising from fraud were communicated with component auditors so that they could include them within their own risk assessment procedures and include, where appropriate audit procedures in response to such risks in their work.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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

Blick Rothenberg Audit LLP

Mark Hart (senior statutory auditor)

for and on behalf of
Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH
Date: 16/10/2023

PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	3	**3,374,491**	9,266,343
Cost of sales		**(1,004,981)**	(4,289,381)
Exceptional cost of sales	13	**(389,109)**	-
Gross profit		**1,980,401**	4,976,962
Administrative expenses		**(2,190,782)**	(2,489,655)
Other operating income/(charges)		**400,697**	(20,575)
Operating profit	5	**190,316**	2,466,732
Interest receivable and similar income	9	**13,159**	1,265
Interest payable and similar expenses	10	**-**	(346)
Profit before taxation		**203,475**	2,467,651
Tax on profit	11	**(41,951)**	(472,149)
Profit for the financial year		**161,524**	1,995,502
Currency translation differences		**6,525**	(9,092)
Other comprehensive income for the year		**6,525**	(9,092)
Total comprehensive income for the year		**168,049**	1,986,410
Profit for the year attributable to:			
Owners of the parent Company		**161,524**	1,995,502
		161,524	1,995,502

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

The notes on pages 20 to 38 form part of these financial statements.

REGISTERED NUMBER:04959887

PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Tangible assets	14		**34,875**		154,849
			34,875		154,849
Current assets					
Debtors: amounts falling due after more than one year	16	**39,320**		-	
Debtors: amounts falling due within one year	16	**1,494,410**		2,787,415	
Cash at bank and in hand	17	**3,607,187**		3,242,197	
		5,140,917		6,029,612	
Creditors: amounts falling due within one year	18	**(1,042,817)**		(2,237,901)	
Net current assets			**4,098,100**		3,791,711
Total assets less current liabilities			**4,132,975**		3,946,560
Provisions for liabilities					
Deferred taxation	19	**(2,831)**		(2,965)	
Other provisions	20	**(18,500)**		-	
			(21,331)		(2,965)
Net assets			**4,111,644**		3,943,595
Capital and reserves					
Called up share capital	21		**400,000**		400,000
Foreign exchange reserve			**6,391**		(134)
Profit and loss account			**3,705,253**		3,543,729
			4,111,644		3,943,595

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

J Keane
Director

Date: 16 October 2023

The notes on pages 20 to 38 form part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Tangible assets	14		**11,322**		11,998
Investments	15		**104,167**		104,167
			115,489		116,165
Current assets					
Debtors: amounts falling due after more than one year	16	**39,320**		-	
Debtors: amounts falling due within one year	16	**1,630,404**		3,024,727	
Cash at bank and in hand	17	**3,435,067**		3,167,057	
		5,104,791		6,191,784	
Creditors: amounts falling due within one year	18	**(1,168,141)**		(2,398,071)	
Net current assets			**3,936,650**		3,793,713
Total assets less current liabilities			**4,052,139**		3,909,878
Provisions for liabilities					
Deferred taxation	19	**(2,831)**		(2,965)	
Other provisions	20	**(18,500)**		-	
			(21,331)		(2,965)
Net assets			**4,030,808**		3,906,913
Capital and reserves					
Called up share capital	21		**400,000**		400,000
Profit and loss account carried forward			**3,630,808**		3,506,913
			4,030,808		3,906,913

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 £123,895 (2021: £1,964,108).

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

J Keane
Director

Date: 16 October 2023

The notes on pages 20 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2021	400,000	8,958	4,048,227	4,457,185	4,457,185
Comprehensive income for the year					
Profit for the year	-	-	1,995,502	1,995,502	1,995,502
Currency translation differences	-	(9,092)	-	(9,092)	(9,092)
Total comprehensive income for the year	-	(9,092)	1,995,502	1,986,410	1,986,410
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	(2,500,000)	(2,500,000)	(2,500,000)
Total transactions with owners	-	-	(2,500,000)	(2,500,000)	(2,500,000)
At 1 January 2022	400,000	(134)	3,543,729	3,943,595	3,943,595
Comprehensive income for the year					
Profit for the year	-	-	161,524	161,524	161,524
Currency translation differences	-	6,525	-	6,525	6,525
Total comprehensive income for the year	-	6,525	161,524	168,049	168,049
At 31 December 2022	400,000	6,391	3,705,253	4,111,644	4,111,644

The notes on pages 20 to 38 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	**400,000**	**4,042,805**	**4,442,805**
Comprehensive income for the year			
Profit for the year	-	1,964,108	1,964,108
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,500,000)	(2,500,000)
Total transactions with owners	-	(2,500,000)	(2,500,000)
At 1 January 2022	**400,000**	**3,506,913**	**3,906,913**
Comprehensive income for the year			
Profit for the year	-	123,895	123,895
At 31 December 2022	**400,000**	**3,630,808**	**4,030,808**

The notes on pages 20 to 38 form part of these financial statements.

PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	**161,524**	1,995,502
Adjustments for:		
Depreciation of tangible assets	**26,908**	28,507
Loss on disposal of tangible assets	**88,657**	(500)
Interest paid	**-**	346
Interest received	**(13,159)**	(1,265)
Taxation charge	**41,951**	472,149
Decrease in debtors	**1,281,283**	440,855
(Increase) in amounts owed by groups	**(27,598)**	(164,857)
(Decrease)/increase in creditors	**(1,005,997)**	113,664
Increase in provisions	**18,500**	-
Corporation tax (paid)	**(222,398)**	(443,515)
Net cash generated from operating activities	**349,671**	2,440,886
Cash flows from investing activities		
Purchase of tangible fixed assets	**(8,046)**	(140,493)
Sale of tangible fixed assets	**10,206**	500
Interest received	**13,159**	1,265
Net cash from investing activities	**15,319**	(138,728)
Cash flows from financing activities		
Dividends paid	**-**	(2,500,000)
Interest paid	**-**	(346)
Net cash used in financing activities	**-**	(2,500,346)

PROSPERITY CAPITAL MANAGEMENT (UK) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Net increase/(decrease) in cash and cash equivalents	**364,990**	(198,188)
Cash and cash equivalents at beginning of year	**3,242,197**	3,444,989
Foreign exchange gains and losses	**-**	(4,604)
Cash and cash equivalents at the end of year	**3,607,187**	3,242,197
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**3,607,187**	3,242,197
	3,607,187	3,242,197

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.

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 of its parent, 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;
- 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.

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 depositary 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. 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. 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. In addition, two of the three managed accounts have agreed to new fee terms, and negotiations are in progress for a new fee structure for the third managed account.

The directors have taken steps to retrench the business including termination of its lease obligations and some redundancies. The directors have prepared a cash flow forecast which is based on reduced income and a lower cost base 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, except where new agreements have been reached 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.

However, the effects of the ongoing war on macroeconomic events and on the ability of the funds to realize their investments cannot be quantified and there remains a material uncertainty over the long-term future of the funds that the Group and Company manage.

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

2. Accounting policies (continued)

2.3 Going concern (continued)

being inappropriate.

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.

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.

2.8 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Interest income

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

2. Accounting policies (continued)

2.10 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.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior 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 in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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 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.

2.14 Tangible fixed assets

Tangible fixed assets under the cost model 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.

2. Accounting policies (continued)

2.14 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

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 in profit or loss.

2.15 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.

2.16 Financial instruments

The Group has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Basic financial assets, including trade and other debtors, cash and bank balances and intercompany working capital balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Impairment of financial assets

Financial assets 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 profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Group would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.17 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.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.21 Dividends

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

3. Turnover

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

	2022 £	2021 £
Investment management fees	**1,887,813**	7,583,834
Client service fees	**1,486,678**	1,682,509
	3,374,491	9,266,343

Analysis of turnover by country of destination:

	2022 £	2021 £
Rest of Europe	**1,887,813**	5,060,788
Rest of the world	**1,486,678**	4,205,555
	3,374,491	9,266,343

4. Other operating income/(charges)

	2022 £	2021 £
Gain/(loss) on foreign exchange	**400,697**	(20,575)

5. Operating profit

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

	2022 £	2021 £
Depreciation of tangible fixed assets	**26,908**	28,507
Loss/(profit) on disposal of tangible fixed assets	**88,657**	(5,799)
Other operating lease rentals	**194,792**	(175,131)
Pension allowances	**122,331**	99,012

6. Auditor's remuneration

During the year, the Group obtained the following services from the Company's auditor and its associates:

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Group's annual accounts	**24,500**	90,000
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
Non audit services - Transfer Pricing	**-**	20,000
All other services	**87,641**	1,500

7. Employees

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

	2022 £	2021 £
Wages and salaries	**1,170,645**	1,102,074
Social security costs	**187,339**	171,540
Cost of defined contribution scheme	**122,331**	99,012
	1,480,315	1,372,626

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

	2022 No.	2021 No.
Administrative staff	**1**	1
Management staff	**5**	5
Marketing staff	**2**	3
	8	9

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	**25,000**	25,000

During the year retirement benefits were accruing to no directors (2021: NIL) in respect of personal pension schemes.

9. Interest receivable

	2022 £	2021 £
Bank interest receivable	**13,159**	1,265

10. Interest payable and similar expenses

	2022 £	2021 £
Other interest payable	**-**	346

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	**29,071**	460,663
	29,071	460,663
Foreign tax		
Foreign tax on income for the year	**13,014**	10,400
	13,014	10,400
Total current tax	**42,085**	471,063
Deferred tax		
Origination and reversal of timing differences	**(134)**	492
Changes to tax rates	**-**	594
Total deferred tax	**(134)**	1,086
Taxation on profit on ordinary activities	**41,951**	472,149

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2022	2021
	£	£
Profit on ordinary activities before tax	**203,475**	2,467,651
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**38,660**	468,854
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**198**	80
Capital allowances for year in excess of depreciation	**(31)**	44
Higher rate taxes on overseas earnings	**3,124**	2,459
Remeasurement of deferred tax for changes in tax rates	**-**	712
Total tax charge for the year	**41,951**	472,149

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)

	2022	2021
	£	£
Dividends on equity capital	**-**	2,500,000

13. Exceptional items

	2022 £	2021 £
Write off of irrecoverable performance fees	**933,115**	-
Release of performance fee commission accrual	**(544,006)**	-
	389,109	-

14. Tangible fixed assets

Group

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	**190,408**	**60,462**	**119,674**	**370,544**
Additions	**-**	**2,900**	**5,146**	**8,046**
Disposals	**(92,860)**	**(25,811)**	**(6,887)**	**(125,558)**
Exchange adjustments	**-**	**565**	**950**	**1,515**
At 31 December 2022	**97,548**	**38,116**	**118,883**	**254,547**
Depreciation				
At 1 January 2022	**99,972**	**14,406**	**101,317**	**215,695**
Charge for the year on owned assets	**8,870**	**11,467**	**9,613**	**29,950**
Disposals	**(15,728)**	**(8,225)**	**(2,742)**	**(26,695)**
Exchange adjustments	**-**	**426**	**296**	**722**
At 31 December 2022	**93,114**	**18,074**	**108,484**	**219,672**
Net book value				
At 31 December 2022	**4,434**	**20,042**	**10,399**	**34,875**
At 31 December 2021	90,436	46,056	18,357	154,849

14. Tangible fixed assets (continued)

Company

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	97,548	6,607	102,310	206,465
Additions	-	-	5,146	5,146
At 31 December 2022	97,548	6,607	107,456	211,611
Depreciation				
At 1 January 2022	92,005	6,607	95,855	194,467
Charge for the year on owned assets	1,109	-	4,713	5,822
At 31 December 2022	93,114	6,607	100,568	200,289
Net book value				
At 31 December 2022	4,434	-	6,888	11,322
At 31 December 2021	5,543	-	6,455	11,998

15. Fixed asset investments

Company

	Investments in subsidiary company £
Cost	
At 1 January 2022	**104,167**
At 31 December 2022	**104,167**

Subsidiary undertaking

The following was 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 2022 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	**210,525**	**45,797**

Prosperity Capital Management (UK) Limited has taken the decision to wind up the subsidiary. This is expected to be completed in 2023.

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year				
Other debtors	**39,320**	-	**39,320**	-

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due within one year				
Amounts owed by group undertakings	**545,275**	517,677	**808,035**	911,080
Other debtors	**188,430**	275,692	**61,664**	119,601
Prepayments and accrued income	**760,705**	1,994,046	**760,705**	1,994,046
	1,494,410	2,787,415	**1,630,404**	3,024,727

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

17. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	**3,607,187**	3,242,197	**3,435,067**	3,167,057

18. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	**59,326**	68,630	**13,258**	12,618
Corporation tax	**54,001**	243,088	**50,630**	232,888
Other taxation and social security	**28,720**	26,491	**28,720**	26,491
Other creditors	**15,622**	28,523	**-**	-
Accruals	**885,148**	1,871,169	**1,075,533**	2,126,074
	1,042,817	2,237,901	**1,168,141**	2,398,071

19. Deferred taxation

Group

	2022 £
At beginning of year	(2,965)
Charged to profit or loss	134
At end of year	(2,831)

Company

	2022 £
At beginning of year	(2,965)
Charged to profit or loss	134
At end of year	(2,831)

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Capital allowances in excess of depreciation	(2,831)	(2,965)	(2,831)	(2,965)

20. Provisions

Group and Company

	Redundancy provision £
Charged to profit or loss	18,500
At 31 December 2022	18,500

21. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
400,000 (2021 - 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.

22. Analysis of net debt

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash and equivalents	3,242,197	364,990	3,607,187
	3,242,197	364,990	3,607,187

23. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	**54,649**	183,331	**1,077**	132,533
Later than 1 year and not later than 5 years	**111,608**	4,233	**-**	-
	166,257	187,564	**1,077**	132,533

24. 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 £1,486,678 (2021: £1,682,509) and at year end was owed £645,896 (2021: £517,677).

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 (2021: £NIL).

25. 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.

PROSPERITY CAPITAL MANAGEMENT

Prosperity Capital Management (UK) Ltd

MIFIDPRU Disclosure

Date: October 2023

Version: 1.1

Version	Date	Content and reason for changes	Author
Final	October 2023	Final revisions	John Davighi

Introduction

Prosperity Capital Management (UK) Ltd ("PCMUK", the "Firm" or "we") is a MIFID investment firm authorised and regulated by the Financial Conduct Authority (FCA). We are required to comply with the disclosure requirements under the Investment Firms Prudential Regime (IFPR), which is set out in the FCA Handbook MIFIDPRU 8. This supersedes the previous Pillar 3 disclosure.

For the purpose of prudential regulations, we are classified as a SNI (small and non-interconnected) firm and are subject to the basic requirements. We are required to provide a level of detail in our disclosures that is appropriate to our size and internal organisation, and to the nature, scope, and complexity of our activities.

Governance Arrangements

The Firm's Board of Directors (the "Board") is responsible for the oversight of implementation of the strategic objectives, risk strategy and internal governance arrangements of the Firm. The Board is composed of 2 members, both are independent non-executive directors.

As of 2023, the number of directorships held by each member of the Board is as follows:

Name	Number of Directorship Position Held		
	Executive	Non-Executive	Total
Mattias Westman	0	2	2
Joseph Keane	0	10	10

The Board meets quarterly and receives reports on investment, operations, financial, risk, legal and compliance matters. The Board has also delegated certain functions to the following committees:

Committee	Responsibilities
Risk Management Committee	To ensure the risks the firm faces are identified, monitored and managed.

The Firm is not subject to the requirements under MIFIDPRU 7.3.1 to establish a risk committee, however the firm has established a group wide committee.

The Firm has a code of ethics policy that implemented a Diversity and Inclusion Policy, of which the objective is to promote equality and fairness to everyone at the Firm. The Firm has not set diversity targets.

PROSPERITY CAPITAL MANAGEMENT

Risk Management

The Board has the ultimate responsibility for the development of appropriate strategies, systems, and controls for the management of risks within the business.

Risk is an inherent part of an investment program and is essential for return.

The goal of risk management is not to eliminate risk, but to identify, understand, monitor and manage risk across the firm in the context of each client's investment strategy and the fundamental investment principles of the firm.

Own funds requirement

The Firm must, at all times, hold own funds and liquid assets which are adequate, both to their amount and their quality, to ensure that the Firm is able to remain financially viable throughout the economic cycle and be able to address any material potential harm that may result from its going activities; and to ensure that the Firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

As a result of the introduction of the IFPR, the Firm has conducted and documented its Internal Capital Adequacy and Risk Assessment process (ICARA) to identify whether the Firm complies with the abovementioned overall financial adequacy rule. The Firm may hold additional own funds or additional liquid assets above the Firm's own funds requirement or basic liquid assets requirement to manage the potential harms identified.

The Firm's ICARA is reviewed and approved by the Board at least annually, or more often as deemed appropriate.

As a SNI firm, the Firm is required to maintain an amount that is the higher of the:

- Permanent minimum capital requirement (PMR); and
- Fixed overheads requirement (FOR), which is an amount equal to three months of the firm's relevant expenditure.

The Firm's own funds requirements according to MIFIDPRU 4.3 are as follows:

	£ ('000)	
(a) Permanent minimum requirement (PMR)	75	
(b) Fixed Overhead Requirement (FOR)	480	
Own Funds Requirements	480	*Higher of (a), and (b)*

Concentration risk

Concentration risk is that associated with the firm's exposure to sectoral, geographic and entity or obligor concentrations. PCM (UK) has identified this as one of its main risks. PCM (UK) has a small client base and the survival of PCM (UK) is highly dependent on the survival of PCML. Should PCML fail then PCM UK would be unable to continue in its present form. The Firm's appetite for concentration risk is medium to high.

As all of the funds managed by PCM UK and PCML have investments based in Russia or other FSU countries, this represents a further concentration risk. Extreme market conditions in 2022 has restricted the accessibility of Russian markets indefinitely. As PCM (UK) was restricted in its ability to manage or give advice on assets in this region due to this lack of access it is subject to reduced fees for its services.

Liquidity

Liquidity risk is the risk of the Firm failing to meet its short-term liabilities as they fall due. The Firm's appetite for liquidity risk is low.

The Firm is required to hold an amount of liquid assets equal to one third of their Fixed Overhead Requirement. This is the basic liquid asset requirement and is made up of approved liquid assets, which include, cash, units or shares in short-term regulated money market funds and short-term deposits at UK credit institutions.

However, the basic liquid asset threshold requirement may not be sufficient in times of financial stress, so the Firm has also considered the higher requirement needed to meet:

1. The liquid assets needed at any given point in time to fund ongoing operations as well as to mitigate any adverse trends throughout the economic cycle, or
2. The Firm's assessment of liquid assets required in the event of an orderly wind down.

The liquidity position of PCM (UK) is actively monitored, and any trends are analysed by the Group Chief Financial Officer, through daily monitoring of cash and regular analysis of balance sheet positions. The Board of Directors also considers strategic liquidity issues, and has approved a Liquidity Risk Management Policy (reviewed annually or more often if needed).

Costs allocated to the investor relations portion of the business are covered under the cost plus arrangement with PCML. If the investment management and marketing sides of the business were to fail, this would mean all remaining costs (after appropriate cost cutting measures relating to the investment management and marketing functions) would be allocated to the client relations portion of the business, and would therefore also be covered by the arrangement with PCML. PCML has a strong balance sheet and is expected to remain committed to its current business relationship with PCM UK.

Finally, PCM (UK) cash in October 2023 was £3.8m, and cash is forecasted to remain at an adequate level. Therefore it has access to liquid funds should these be required. PCM (UK) reviews it Liquidity Risk Management Policy regularly, and generally aims to keep a minimum of £1m in cash at all times. Stress testing has been performed with respect to changes in FX rates in developing this policy.

Remuneration

The Firm is required to comply with the MIFIDPRU Remuneration Code under IFPR, which aims to ensure that we have risk-focused remuneration policies that are consistent with and promote sound and effective risk management in the long-term interests of the Firm and our customers and does not expose the Firm or our clients to excessive risk.

Our approach and objectives

We have formulated our approach in remuneration policy and practices with reference to the guidance set out by the FCA. We consider the appropriate balance between fixed and variable remuneration as well as the constraints in place to avoid a conflict of interest between staff incentives and the best interests of customers.

The objectives of our financial incentives are to:

- promote sound and effective risk management in the long-term interests of the Firm and our customers;
- limit risk-taking and avoid conflicts of interest
- ensure alignment between risk and individual reward
- supporting positive behaviours and healthy firm cultures
- encourage responsible business conduct
- discourage behaviour that can lead to misconduct and poor customer outcomes
- align employee's interests with the firm's long-term strategy and objectives
- be gender neutral, in line with the Equality Act 2010.

Governance and decision-making procedures

The management body of the Firm is responsible for overseeing the implementation of our remuneration policy and ensuring our compliance with the MIFIDPRU Remuneration Code.

One role of the management body of the Firm is to ensure the extent of the variable remuneration at the Firm cannot affect the Firm's ability to ensure a sound capital base. The management body of the Firm is responsible for overseeing the performance management process; reviewing and approving the remuneration policy, variable remuneration pool and caps, eligibility of participation in variable remuneration schemes, as well as the approval of variable remuneration awarded to individuals.

We assess our staff members under our performance management process on an ongoing basis with an annual performance assessment outcome being used as a contributing factor in the determination of remuneration.

The remuneration of senior staff in risk management and compliance functions is directly overseen by the management body of the Firm. Any remuneration to staff with control functions is awarded according to objectives linked to their functions and remains independent from the business units they oversee.

No variable remuneration is awarded to members of the management body who do not perform any executive function in the Firm.

The Firm's remuneration policies and practices are developed in consultation with our external consultants, Bovill.

Key characteristics of remuneration policies and practices

All staff receive fixed remuneration in form of base salary; and are considered for discretionary variable remuneration in form of bonuses where eligible.

Fixed remuneration

Base Salary
We review the base salary of our staff members on an annual basis by considering factors such as market information and individual performance.

Variable remuneration

Bonus
The Firm's bonus scheme is a discretionary reward scheme based on the performance of the Firm as a whole. All bonuses are dependent on the firm's overall financial result to ensure a sound capital base. The bonus pool will take into consideration all types of current and future, financial and non-financial risks and be determined on a sliding scale, using a monthly salary multiplier as a guide.

On an individual level, the scheme is designed and linked to both financial and non-financial criteria, rewarding behaviours that promote positive non-financial outcomes for the firm and limiting eventual behaviours contrary to the firm's values.

The bonus pool and other individual bonuses will be adjusted as deemed necessary by the management body of the Firm in consideration of the following:

- Any compliance or regulatory issues that have occurred or are under investigations internally or externally
- Any persistent or significant breaches in either financial or non-financial KPI's
- Any conduct related matters that have occurred or are under investigation internally or externally
- Any matters that adversely impact client outcomes
- Any other factors that may publicly impact the Firm's brand or reputation.

Control function staff are independent from the business units they oversee and are remunerated in line with the achievement of the objectives of their functions. The determination of the level of remuneration of such staff is independent of the performance of the business areas they oversee.

Guarantees
We acknowledge non-performance-related variable remuneration, such as sign-on bonus, buy-out award, retention award and severance pay, may weaken the alignment of risk and award.

We may award the following remuneration if it does not become common practice:

- Sign-on bonus: only in the first year of service of the newly hired material risk takers where the firm has a strong capital base.
- Buy-out award: involves the Firm compensating a new employee for reduced, revoked, or cancelled variable remuneration by the previous employer
- Retention award: this is dependent on a material risk taker remaining in role until the end of a restructuring or a wind-down of the firm

- Severance pay: in case of early termination of the employment contract, the Firm retains the ability to make severance payments as long as they reflect the individual's performance over time and do not reward failure or misconduct.

Quantitative disclosures

For the financial year ended December 31, 2022 the amount of remuneration awarded was as follows:

	£ ('000)
Total remuneration	**1,023**
(a) Fixed remuneration	771
(b) Variable remuneration	252