

# Renaissance Capital Services Limited

Financial Statements, Strategic Report and Director's Report  
for the year ended 31 December 2019

REGISTRATION NUMBER: 07328996

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## General Information

Directors	A Simone	
Secretary	P Thompson	
Registered address	Park House 116 Park Street London W1K 6AF United Kingdom	
Parent company	Renaissance Financial Holdings Limited C/o Apex Corporate Services Ltd 58 Par-la-ville Road Vallis Building 4 <sup>th</sup> Floor City of Hamilton HM11 Bermuda	Archiepiskopou Makariou III, 2-4 CAPITAL CENTER, 9th Floor 1065, Nicosia Cyprus
Auditor	BDO LLP 150 Aldersgate Street Barbican London EC1A 4AB United Kingdom	
Bankers	JP Morgan Chase Bank, N.A., London Branch 25 Bank Street, Canary Wharf London E14 5JP United Kingdom	
	Citibank NA, London Branch Citigroup Centre 25 Canada Square Canary Wharf London E14 5LB United Kingdom	

## Strategic Report

The Director submits his strategic report for the year ended 31 December 2019.

### 1 Results

During the year, Renaissance Capital Services Limited ("the Company") generated a net profit of US\$255,000 (2018: US\$1,004,000). Equity shareholder's funds at the end of the year were US\$3,142,000 (2018: US\$2,887,000).

The Director does not recommend the payment of a dividend (2018: NIL).

#### Principal activity and review of the business

Renaissance Capital Services Limited is an unregulated entity. The principal activity of the Company has historically been to operate as a services entity for Renaissance Capital Limited ("RCL"), settling non-trade related costs to third parties on behalf of RCL and remunerating all employees who are seconded back to RCL. However, during the year, the decision was made to minimise the activities of RCL, and as a result the majority of non-trading costs have been transferred to RCL. Further, all employees are now employed directly by RCL.

The Company also acts as the holding company to the Group's US entity, RenCap Securities Inc, a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corp ("SIPC").

The Company also holds 0.00002% (cost US\$0.06) of the share capital of an Egyptian company, Renaissance Capital Egypt for Promoting and Underwriting of Securities S.A.E, which is 100% owned by the Renaissance Capital Group and which will be the legal entity through which the Group operates in Egypt. 99.99996% of shares are held by Renaissance Financial Holdings Limited, the holding company of the Company.

The Company earns a cost-plus return from RCL for all services provided. The Director considers the level of business and the year-end financial position to be satisfactory within the context of the long-term strategy of the Renaissance Capital Group (Renaissance Capital Group or "the Group" refers to Renaissance Financial Holdings Limited and its subsidiaries).

#### Key Performance Indicators

The Director measures the achievement of the Company's objectives through the use of qualitative assessments and through the monitoring of quantitative indicators, termed key performance indicators (KPIs). In line with the Company's operating objectives, the profit or loss before tax and working capital are monitored on a regular basis. Working capital is defined as the excess of short-term receivables and cash over the Company's short-term liabilities, mainly payables and accrued expenses.

<i>(in thousands of USD)</i>	<b>2019</b>	<b>2018</b>
Profit before tax	368	1,324
Working Capital	18	(53)

There are no indications to suggest that the Company may cease to continue in operational existence. The Director expects the Company to continue to operate as the holding company to RenCap Securities Inc for the foreseeable future and has therefore used the going concern basis in preparing the Financial Statements.

#### Principal risks and uncertainties

As a consequence of its operational activities, the Company is exposed to market, credit, operational and liquidity risk.

Market risk exposure is limited to foreign exchange exposures as the Company earns all revenues in US Dollars and its cash outflows are predominantly in Pounds Sterling.

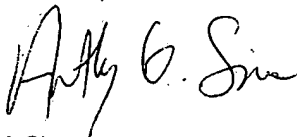
Credit risk, primarily in the form of counterparty settlement risk, arises from transactions to and from Group companies.

Operational risk is the risk of loss arising from inadequate or failed internal processes, human behaviour and systems or from external events. The Company undertakes a rigorous programme of monitoring and assessing operational risk incidents.

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal or stressed circumstances. The Directors of RCL have established with the director of RCSL an overall liquidity and funding policy in RCL to mitigate the potential risk that the Company may be unable to access adequate financing to service its financial obligations as they become due without material adverse impact on the business.

The principal risks are further explained in note 17 to the Financial Statements.

Signed in accordance with a resolution of the Board of Directors and authorised and approved for issue on 23 April 2020.

A handwritten signature in black ink, appearing to read 'A. Simone'.

A Simone

Director

23 April 2020

## Director's Report

The Director submits his report and Financial Statements for the year ended 31 December 2019.

### 1 Directors and their interests

A Simone held the office of Director during the year and since 31 December 2019.

N Fagan acted as Company Secretary until 10 July 2019, at which time P Thompson was appointed as Company Secretary.

The Director did not have any interests in the shares of the Company or any other Company which are required to be notified to the Company or disclosed under the Companies Act 2006.

During the year, Renaissance Financial Holdings Limited paid a premium for a contract insuring the Director and officers of Renaissance Capital Services Limited against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the Company itself to the extent that it is obligated to its Director and officers for such liability.

### 2 Financial Risk Management objectives and policies

Details of financial risk management are included in the Strategic report which starts on page 4 and forms part of this report through cross-references. Detailed Financial risk management disclosures are included in Note 17.

### 3 Dividends and Charitable Contributions

The Director does not recommend the payment of a final dividend (2018: final dividend: NIL). During the year, the Company made no charitable contributions (2018: US\$1,000).

### 4 Future developments

The Company continues to actively monitor developments with respect to the exit of the United Kingdom from the European Union which took place on 31<sup>st</sup> January 2020 ("BREXIT"). As at the date of these Financial Statements the EU and UK are in a transition period where the UK remains in the EU Customs Union and single market and continues to be subject to EU laws and rules until 31<sup>st</sup> December 2020 unless an extension is sought. The political declaration between the EU and the UK that forms part of the BREXIT agreement includes a target to reach decisions on access to each other's financial services markets by 1<sup>st</sup> July 2020. Thus, there continues to be uncertainty with respect to whether the implementation of a trade deal post-BREXIT would be on an agreed upon basis or on a "no-deal" basis.

A subsidiary of the Group, Renaissance Securities (Cyprus) Limited ("RESEC"), submitted to the FCA an application to continue to passport services into the United Kingdom in the event of a "no deal" BREXIT under the Temporary Passporting Regime of the FCA. The Group has formulated specific plans under both an agreed upon or a "no deal" BREXIT and is confident that through the Company, RCL and RESEC there will not be a material impact on the Group or its respective ability to service clients, from the final outcome of negotiations between the EU and the UK on the terms of BREXIT.

The impact of COVID-19 has been global in its reach and is like nothing that has been experienced previously nor specifically planned for. However, given that the Company has heavily reduced its activities as a services company of RCL and now acts mainly as a holding company with minimal costs, it has largely been shielded from the impacts of COVID-19.

The Company will continue to provide consistent and meaningful disclosures and forward-looking assessments to our stakeholders when preparing financial reports as required disclosures will likely change over time as more information regarding the impact of the virus emerges. The Board is reassured that management has developed and implemented mitigating actions and processes to ensure that the Company continues to operate an effective control environment, addressing key reporting and other controls on which reliance has historically been placed, but which may not prove effective in the current circumstances.

In conclusion, the impact of COVID-19 will continue for an uncertain duration but not forever. Our economic environment and financial and other markets will face significant and perhaps daunting challenges and risks. The impact on the Company and the Group has thus far and for the foreseeable future been bearable and has actually inspired innovation amongst the team and a drive to look for new opportunities, markets and products.

## 5 Statement of Director's Responsibilities in respect of the Financial Statements

The Director is responsible for preparing the strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law. Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

At the date of the Board of Directors' approval of this Report and Financial Statements for the year ended 31 December 2019 the Director has confirmed that:

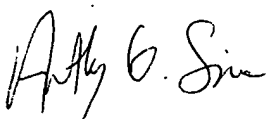
- as far as he is aware, there was no relevant audit information of which the auditors were unaware; and
- he has taken all the steps necessary as director in order to make himself aware of any relevant audit information and to establish that the auditors have been made aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

### Auditors

A resolution to re-appoint BDO LLP as the Company's auditor will be put to the shareholder at the Annual General Meeting.

Signed in accordance with a resolution of the Board of Directors.



A Simone

Director

23 April 2020

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**Independent Auditor's Report to Members of Renaissance Capital Services Limited**

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**Opinion**

We have audited the financial statements of Renaissance Capital Services Limited ("the Company") for the year ended 31 December 2019 which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity and Statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Director's report and Strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.



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## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

### **Responsibilities of Directors**

As explained more fully in the Statement of director's responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://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.

BDO LLP

Leigh Treacy (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
23 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of Comprehensive Income

*(in thousands of USD)*

For the year ended 31 December

	Note	2019	2018
<b>Operating income</b>			
Fee and commission income	4	7,476	28,007
Other income		-	9
Interest income		10	1
<b>Total operating income</b>		<b>7,486</b>	<b>28,017</b>
Personnel expenses	5	(2,729)	(19,889)
Other operating expenses	6	(4,178)	(6,512)
Depreciation	11	(211)	(292)
<b>Total operating expenses</b>		<b>(7,118)</b>	<b>(26,693)</b>
<b>Total comprehensive income before tax</b>		<b>368</b>	<b>1,324</b>
Income tax	16	(113)	(320)
<b>Total comprehensive income for the period</b>		<b>255</b>	<b>1,004</b>

The accompanying notes on pages 15 to 31 are an integral part of these Financial Statements.

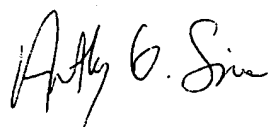
## Statement of Financial Position

(in thousands of USD)

	Note	2019	At 31 December 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	32	277
Receivables	8	249	5,514
Other assets	9	398	588
<b>Non-current assets</b>			
Investments in subsidiary undertakings	10	5,498	5,498
Deferred tax assets	16	-	692
Property and equipment	11	-	816
<b>Total assets</b>		<b>6,177</b>	<b>13,385</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	12	32	47
Accrued expenses	13	231	5,796
Other liabilities	14	2,754	4,518
Current tax liabilities		18	137
<b>Total liabilities</b>		<b>3,035</b>	<b>10,498</b>
<b>Equity</b>			
Share capital <sup>1</sup>	15	-	-
Retained earnings		3,142	2,887
<b>Total equity attributed to the shareholder</b>		<b>3,142</b>	<b>2,887</b>
<b>Total liabilities and equity</b>		<b>6,177</b>	<b>13,385</b>

<sup>1</sup> Share capital represents 1 ordinary share issued at GBP1 (US\$ 1.66).

The Financial Statements on pages 11 to 31 were approved by the Board of Directors, authorised for issue and signed on its behalf by:



A Simone

Director

23 April 2020

## Statement of Changes in Equity

*(in thousands of USD)*

	Share capital <sup>1</sup>	Retained earnings	Total
<b>Balance at 1 January 2018</b>	-	<b>1,883</b>	<b>1,883</b>
Net profit for the period	-	1,004	1,004
<b>Balance at 31 December 2018</b>	-	<b>2,887</b>	<b>2,887</b>
Net profit for the period	-	255	255
<b>Balance at 31 December 2019</b>	-	<b>3,142</b>	<b>3,142</b>

<sup>1</sup> Issued shares represents 1 ordinary share issued at GBP1 (US\$ 1.66).

## Statement of Cash Flows

<i>(in thousands of USD)</i>	<b>Note</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
<b>Cash flows from operating activities</b>			
Profit for the year		255	1,004
<i>Adjustments for non-cash and other items:</i>			
Loss on disposal/write-off of property and equipment		302	-
Depreciation	11	211	292
Interest income		(10)	(1)
Interest received		10	-
Income tax expense	16	113	320
Income tax paid		(159)	-
Foreign exchange (gain)/loss		(73)	13
		<b>649</b>	<b>1,628</b>
<b>(Increase)/decrease in operating assets</b>			
Receivables		5,265	275
Loans receivable		1	(1)
Other assets		189	185
Income tax to group companies for group relief		619	(234)
<b>Increase/ (decrease) in operating liabilities</b>			
Payables		(16)	(138)
Accrued expenses		(5,563)	2,376
Other liabilities		(1,765)	1,811
<b>Net cash (used in)/generated from operations</b>		<b>(621)</b>	<b>5,902</b>
<b>Cash flows from investing activities</b>			
Purchase of subsidiary		-	(5,498)
Purchase of property and equipment	11	(44)	(367)
Disposal of property and equipment	11	347	-
<b>Net cash generated/(used in) investing activities</b>		<b>303</b>	<b>(5,865)</b>
<b>Effect of exchange rate differences</b>		<b>73</b>	<b>(13)</b>
<b>Net change in cash and cash equivalents</b>		<b>(318)</b>	<b>37</b>
Cash and cash equivalents at the beginning of the year		277	253
<b>Cash and cash equivalents at the end of the year</b>		<b>32</b>	<b>277</b>

The total cash outflows in relation to leases in the year were US\$458,000 (2018: US\$470,000).

## Notes to the Financial Statements

### 1 Organisation

Renaissance Capital Services Limited (the "Company" or "RCSL") is an unregulated entity. The principal activity of the Company is to operate as a services entity for Renaissance Capital Limited ("RCL") and act as a holding company for RenCap Securities Inc.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The significant accounting policies adopted by the Company are set out in Note 2.

### 2 Summary of significant accounting policies

#### Basis of preparation

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosed amount of contingent liabilities. Given that the parent company has elected to prepare consolidated financial statements, the Company has made use of the exemption from preparing consolidated financial statements.

The Company's Financial Statements are prepared under the historical cost convention, as modified by the application of fair value measurements and are presented in United States Dollars ("US\$" or "USD"), being the Company's functional currency.

#### Changes in accounting policy and disclosures

In these financial statements, the Company has applied IFRS 16 'Leases' effective for annual periods beginning on or after 1 January 2019, for the first time. The Company has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

#### IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Company transitioned to IFRS 16 in accordance with the modified retrospective approach. The prior year figures were not adjusted. The Company also applied the available practical expedients wherein:

- The Company measured lease liability at the present value of the remaining lease payments, discounted using the borrowing rates applicable at 1 January 2019;
- The Company measured the right-of-use assets at an amount equal to the lease liability, adjusted in line with the standard, including for prepaid or accrued lease payments recognised at 1 January 2019;
- The Company has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application. In such cases the leases will be accounted for as short-term leases and the lease payments associated with them will be recognised as an expense from short-term leases; and
- The Company used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- The amount of lease liabilities recognised;
- Initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received;
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments net of VAT (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

The Company analyses all lease related contracts and separates them into lease and non-lease components. The latter are excluded from lease payments constituting lease liabilities and are recognised separately in accordance with the relevant standard.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control.

#### Impact on the current year

No adjustments have been posted in these accounts in relation to IFRS 16 as the Company's lease met the definition of a short-term lease and so was exempt from this standard.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and not acquired for trading. These meet the hold to collect business model test and the solely payments of principal and interest (SPPI) contractual cash flow characteristics test and are as such are classified as measured at amortised cost.



**Offsetting and netting**

Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and short-term, highly liquid investments with a maturity date of three months or less from the date of acquisition that are readily convertible into known amounts of cash.

**Impairment of financial assets**

In accordance with IFRS 9, the Company uses the expected credit losses (ECL) approach for recognition of impairment losses.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL").

The ECL is calculated using three components: exposures at default ("EAD"), losses given default ("LGD") and probability of defaults ("PD"). PD is an estimate of the likelihood of default over given time horizon. EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. LGD is an estimate of the loss arising in the case where default occurs at a given time.

IFRS 9 introduces a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition:

Stage 1: Financial assets which have not had a significant increase in credit risk since initial recognition.

Stage 2: Financial assets that are considered to have experienced a significant increase in credit risk since initial recognition.

Stage 3: Financial assets which are considered to be credit-impaired.

ECL is recognised in profit or loss as impairment loss on financial assets with corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at amortised cost on the balance sheet.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company allocated financial assets into Stage 1, Stage 2 and Stage 3.

Stage 1 is represented by cash and cash equivalents and receivables due to the short-term nature of these assets (i.e. less than 12-months). The Company recognises loss allowance on these assets based on 12mECL. To estimate the PD, the Company uses credit ratings assigned by external rating agencies. PD is determined based on the rating of a counterparty by reference to the relation between the rating and PD. The LGD is determined based on the average of historic recovery rates for unfunded liabilities as reported by external rating agency, Moody's.

There are no financial assets that are considered to have experienced a significant increase in credit risk since initial recognition, and therefore there are no Stage 2 financial assets.

If the Company determines that a financial asset is credit-impaired based on a qualitative and quantitative assessment, the asset transferred to Stage 3. A financial asset is assessed to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. There are currently no Stage 3 financial assets.

The Company applies the simplified approach and records lifetime expected losses on all trade receivables. For the majority of these assets, the Company uses an internally compiled provision matrix to determine PD.

The Company writes off financial assets, in whole or in part when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Company may write-off financial assets that are still subject to enforcement activity.

For subsidiaries, the Company also assesses at each reporting date whether there is an indication that an investment may be impaired. Where no indication of impairment exists, the investment is carried at cost.

### **Property and equipment**

Property and equipment are stated at historical cost, net of accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of the equipment when that cost is incurred if the recognition criteria are met. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Fixtures, fittings and other equipment:	5 years
Computer and telecommunication equipment:	3 years
Leasehold improvements:	10 years or period of the lease, if shorter

Costs related to repairs and renewals are charged when incurred and included in other operating expenses.

### **Taxation**

#### **Income taxes**

Income taxes have been provided for in the Financial Statements in accordance with the tax legislation enacted or substantively enacted by the reporting date. The income tax charge comprises current and deferred taxes and is recognised in the Statement of Income. Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than income taxes are recorded within other operating expenses.

#### **Deferred taxes**

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recognised only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

### **Provisions and contingencies**

Provisions are recognised when the Company has a current legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless the possibility of any losses in settlement is remote. A contingent asset is not recognised in the Statement of Financial Position but disclosed when an inflow of economic benefits is probable.

### **Share capital**

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

## Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the Financial Statements are authorised for issue.

## Revenue Recognition

The company earns management fees from the services it provides to RCL. Revenue is recognised to the extent that probable economic benefits will flow to the company and the revenue can be reliably measured.

## Foreign Currency Transactions

Foreign currency transactions are recorded in the functional currency at the rate ruling at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the Statement of Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

## Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued, but are not yet effective, up to the date of issuance of the Financial Statements and are expected to impact the Company. The Company intends to adopt these standards, if applicable, when they become effective.

### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. *IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.*

### Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

### Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material will not have an impact on the Company's financial statements.

### 3 Significant accounting judgments and estimates

In preparing the Financial Statements, the director is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates, and the differences may be material to the Financial Statements. In the process of applying the Company's accounting policies, the director has made the following judgments and estimates, which have the most significant effect on the amounts recognised in the Financial Statements.

#### Going Concern

The Company's Director has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Director is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The economic difficulties in Russia and sanctions against some Russian companies are being monitored by management, with no significant impact on the Company to date. The Company's Director has considered the existing and anticipated effects of the COVID-19 outbreak on the Company's ability to continue in business during and after the COVID-19 lockdown period and the consequential effect on the Company's revenues, expenses and cashflow. Despite the unpredictability of the potential impact, management has not identified any material uncertainties that cast doubt on the company's ability to operate under the going concern basis but undertake continual updates to the assessments, given the evolving nature of the outbreak. The Director believes the Company is and will be able to settle its obligations, will continue business in the foreseeable future and has sufficient cash reserves to cover expenditure of the next twelve months and beyond from the date of signing these financial statements. The Director therefore believes that the going concern assumption is appropriate. Therefore, the Financial Statements continue to be prepared on this basis.

#### Impairment

The impairment requirements of IFRS 9 are complex and require management judgement, estimates and assumptions. The Company evaluates impact on its equity from adoption of IFRS 9 impairment requirements and performs detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact. The assessment process is based on available data and involves development of risk modelling methodologies and forecast scenarios considering the relative probabilities of each outcome.

### 4 Fees and commission income

(in thousands of USD)

	For the year ended 31 December	
	2019	2018
Management fees	7,476	28,007
<b>Total management fees</b>	<b>7,476</b>	<b>28,007</b>

### 5 Personnel expenses

(in thousands of USD)

	For the year ended 31 December	
	2019	2018
Salaries	2,198	7,856
Other remuneration	131	10,598
Insurance and social security contributions	383	1,385
Pension contributions	17	50
<b>Total personnel expenses</b>	<b>2,729</b>	<b>19,889</b>
Average monthly number of employees during the period	15	56

Until 1<sup>st</sup> April 2019 the Company acted as the employing entity of employees who were seconded back to RCL. At this date all employees were transferred to RCL. As such, all performance related remuneration (except for sign-on bonuses accrued before this date), for prior employees of the Company has been accrued in RCL in 2019.

## Directors' remuneration

<i>(in thousands of USD)</i>	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
Directors' remuneration (included in personnel costs)	23	477
Highest paid director	23	477

There were no pension contribution payments made by the Company on behalf of the directors during the year (2018: US\$NIL)

Aggregate compensation for the directors was as follows:

<i>(in thousands of USD)</i>	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
Short term benefits	23	316
Long term benefits	-	161
<b>Directors' remuneration (included in personnel costs)</b>	<b>23</b>	<b>477</b>

From 1st April 2019, the director of the company was remunerated through Renaissance Capital Limited, a related entity under common control and the total remuneration he received through Renaissance Capital Limited for the financial year was US\$580,000, split into US\$352,000 of short-term benefits and US\$228,000 of long-term benefits.

## 6 Other operating expenses

<i>(in thousands of USD)</i>	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
IT expenses	988	2,557
Travel, entertainment and special events	449	1,245
Irrecoverable VAT	229	563
Loss on disposal of fixed assets	302	-
Operating lease rentals on		
- land and buildings	478	535
Other premises expenses	1,597	693
Auditor's remuneration for		
- audit services	14	27
Other operating expenses	121	892
<b>Total other operating expenses</b>	<b>4,178</b>	<b>6,512</b>

## 7 Cash and cash equivalents

<i>(in thousands of USD)</i>	<b>At 31 December</b>	
	<b>2019</b>	<b>2018</b>
Cash in hand	-	5
Current accounts with banks	32	272
<b>Total cash and cash equivalents</b>	<b>32</b>	<b>277</b>

**8 Receivables***(in thousands of USD)*

	At 31 December	
	2019	2018
Amounts due from Group Company	249	5,514
<b>Total receivables</b>	<b>249</b>	<b>5,514</b>

**9 Other assets***(in thousands of USD)*

	At 31 December	
	2019	2018
Prepayments	-	223
Advances to employees	-	25
Other receivables	398	340
<b>Total other assets</b>	<b>398</b>	<b>588</b>

**10 Investments in subsidiary undertakings**

The Company has investments in the following companies at 31 December 2019 and 2018:

Company	Country of incorporation	Nature of business	Date of acquisition	2019 Ownership	2018 Ownership
Rencap Securities, Inc	USA	Broker Dealer	1 August 2018	100%	100%
Renaissance Capital Egypt for Promoting and Underwriting of Securities SAE	Egypt	Broker Dealer	3 October 2017	0%	0%

The Company holds 100% of the share capital of US broker dealer, RenCap Securities Inc. The shares are ordinary shares and entitle the Company to 100% of the voting rights in the subsidiary. RenCap Securities Inc. address is 780 Third Avenue, 20<sup>th</sup> Floor, New York, NY 10017, United States of America.

The Company also holds 0.00002% (cost US\$0.06) of the share capital of an Egyptian company, Renaissance Capital Egypt for Promoting and Underwriting of Securities S.A.E, which is 100% owned by the Renaissance Capital Group and which will be the legal entity through which the Group operates in Egypt. 99.99996% of shares are held by Renaissance Financial Holdings Limited, the holding company of the Company.

**11 Property and equipment***(in thousands of USD)*

	At 31 December 2019			Total
	Leasehold improvements	Fixtures and fittings	Computers and other equipment	
<b>Historical cost</b>				
Balance at 1 January 2019	1,338	240	1,608	3,186
Additions	-	-	44	44
Disposals / write-offs	(1,338)	(240)	(1,652)	(3,230)
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2019	(879)	(207)	(1,284)	(2,370)
Depreciation	(153)	(11)	(47)	(211)
Disposals / write-offs	1,032	218	1,331	2,581
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*(in thousands of USD)*

	At 31 December 2018			
	Leasehold improvements	Fixtures and fittings	Computers and other equipment	Total
<b>Historical cost</b>				
Balance at 1 January 2018	1,285	232	1,387	2,904
Additions	53	8	306	367
Disposals / write-offs	-	-	(85)	(85)
<b>Balance at 31 December 2018</b>	<b>1,338</b>	<b>240</b>	<b>1,608</b>	<b>3,186</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2018	(718)	(172)	(1,274)	(2,164)
Depreciation	(162)	(35)	(95)	(292)
Disposals / write-offs	1	-	85	86
<b>Balance at 31 December 2018</b>	<b>(879)</b>	<b>(207)</b>	<b>(1,284)</b>	<b>(2,370)</b>
<b>Net book value at 31 December 2018</b>	<b>459</b>	<b>33</b>	<b>324</b>	<b>816</b>

## 12 Payables

*(in thousands of USD)*

	At 31 December	
	2019	2018
Amounts due to third party suppliers	32	47
<b>Total payables</b>	<b>32</b>	<b>47</b>

## 13 Accrued expenses

*(in thousands of USD)*

	At 31 December	
	2019	2018
Accrued salaries and performance related remuneration	-	5,233
Other accrued expenses	231	563
<b>Total accrued expenses</b>	<b>231</b>	<b>5,796</b>

## 14 Other liabilities

*(in thousands of USD)*

	At 31 December	
	2019	2018
VAT and other taxes payable, excluding income taxes	22	1,499
Amounts due to Group companies	2,732	-
Other payables	-	3,019
<b>Total other liabilities</b>	<b>2,754</b>	<b>4,518</b>

## 15 Share Capital

*(in thousands of USD)*

	At 31 December	
	2019	2018
<b>Share Capital</b>		
1 ordinary share issued at GBP1 (US\$1.55) (2018: GBP1)	-	-
<b>Total share capital (authorised and called up)</b>	<b>-</b>	<b>-</b>

**16 Income taxes****16.1 Income tax expense****a) Analysis of charge in the year end****Tax charged in the Statement of Income***(in thousands of USD)***For the year ended 31 December  
2019 2018**

The charge for taxation comprises		
<b>Current tax</b>		
United Kingdom corporation tax on profits for the year	170	486
Adjustments in respect of prior periods	(380)	42
FX adjustment on tax balances	15	(8)
	<b>(195)</b>	<b>520</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(88)	(155)
Adjustments in respect of prior periods	396	(44)
Change in corporate tax rate	-	-
	<b>308</b>	<b>(199)</b>
<b>Income tax charge reported in Statement of Income</b>	<b>113</b>	<b>320</b>

**b) Factors affecting tax charge for the year end**

The tax assessed for the year end reflects that standard rate of corporation tax in the UK for the period (19%). The factors are explained below:

*(in thousands of USD)***For the year ended 31 December  
2019 2018**

Profit on ordinary activities before tax	368	1,324
<b>Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%</b>	<b>70</b>	<b>252</b>
<b>Effects of</b>		
Disallowed expenses and non-taxable income	12	78
Adjustments in respect of prior periods	16	(2)
FX adjustment on tax balances	15	(8)
<b>Total income tax charge for the year end</b>	<b>113</b>	<b>320</b>



**16.2 Deferred tax**

Differences between IFRS and the statutory taxation regulations in force give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the applicable rate of tax.

	At 31 December	
	2019	2018
<i>(in thousands of USD)</i>		
<b>Deferred tax asset</b>		
Opening balance	692	642
Utilisation of prior year tax losses	-	(106)
Transfer of deferred tax asset on fixed assets and accruals	(384)	-
Tax expense recognised in the Statement of Income	88	154
Change in corporate tax rate	-	-
Adjustments in respect of prior periods	(396)	2
<b>Closing balance</b>	<b>-</b>	<b>692</b>
The deferred tax asset is attributable to the following items:		
Accelerated capital allowances	-	138
Tax losses	-	-
Other temporary differences	-	554
	<b>-</b>	<b>692</b>

The Finance Act 2016 reduced the corporation tax rate in the United Kingdom to 17% from 1 April 2020, however the Budget on 11 March 2020 announced the corporation tax rate will remain at 19%. Legislation will be introduced in Finance Bill 2020 to amend the main rate of corporation tax to 19% for the 2020 financial year.

**16.3 Tax legislation**

Based upon the director's understanding of the tax regulations, the director believes his interpretation of the relevant tax legislation is sustainable. The director believes that the Company has accrued all applicable taxes.

**17 Financial risk management****Financial risk factors**

The Company's business services activities expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, and liquidity. The Company's director has delegated to the RCL Audit & Risk Committee the responsibility for setting risk management policies. These apply equally to RCL and the Company.

The policies are implemented by the Risk Department that reviews all the trading activities to enable prompt identification of financial risks so that appropriate actions may be taken. The Renaissance Capital Group's Treasury Department sets out specific guidelines to manage foreign exchange risk and the use of financial instruments to manage these.

The table below represents the breakdown of the financial instruments by classes:

# Renaissance Capital Services Limited

(in thousands of USD)

At 31 December 2019

	Total	At fair value	At amortised cost		
		Trading Portfolio	Balances with counterparties & central clearing house	'Repo' and other financing	Other financial assets
<b>Assets</b>					
Cash and cash equivalents	32	-	-	-	32
Receivables	249	-	-	-	249
<b>Total financial assets</b>	<b>381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>381</b>
<b>Liabilities</b>					
Payables	32	-	-	-	32
<b>Total financial liabilities</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>

(in thousands of USD)

At 31 December 2018

	Total	At fair value	At amortised cost		
		Trading Portfolio	Balances with counterparties & central clearing house	'Repo' and other financing	Other financial assets
<b>Assets</b>					
Cash and cash equivalents	277	-	-	-	277
Receivables	5,514	-	-	-	5,514
<b>Total financial assets</b>	<b>5,791</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,791</b>
<b>Liabilities</b>					
Payables	47	-	-	-	47
<b>Total financial liabilities</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>

Detailed below are the primary risks associated with the Company's business:

## Market risk

### Currency Risk

The Company does not enter into forward exchange contracts for the purpose of hedging anticipated transactions. The Company utilises Spot Foreign Exchange rates to settle operational expenses denominated in a currency other than the functional currency of the Company. All gains and losses resulting from the settlement of the operational expenses are recorded within the Statement of Income.

(in thousands of USD)

	At 31 December 2019			
	USD	GBP	Other	Total
<b>Assets</b>				
Cash and cash equivalents	3	29	-	32
Receivables	249	-	-	249
<b>Total financial assets</b>	<b>252</b>	<b>29</b>	<b>-</b>	<b>281</b>
<b>Liabilities</b>				
Payables	-	32	-	32
<b>Total financial liabilities</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>32</b>
<b>Total net position</b>	<b>252</b>	<b>(3)</b>	<b>-</b>	<b>249</b>

(in thousands of USD)	At 31 December 2018			
	USD	GBP	Other	Total
<b>Assets</b>				
Cash and cash equivalents	87	190	-	277
Receivables	5,511	3	-	5,514
<b>Total financial assets</b>	<b>5,598</b>	<b>193</b>	<b>-</b>	<b>5,791</b>
<b>Liabilities</b>				
Payables	20	27	-	47
<b>Total financial liabilities</b>	<b>20</b>	<b>27</b>	<b>-</b>	<b>47</b>
<b>Total net position</b>	<b>5,578</b>	<b>166</b>	<b>-</b>	<b>5,744</b>

The Company is not impacted by price and interest risk.

### Credit risk

The Company has no significant concentrations of credit risk with external counterparties. The Company's main exposure from a credit risk perspective is its fee receivable balances with Renaissance Financial Holdings Limited.

The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position

(in thousands of USD)	At 31 December 2019		
	Gross maximum exposure	Value of collateral held	Net exposure
Cash and cash equivalents	32	-	32
Receivables	249	-	249

(in thousands of USD)	At 31 December 2018		
	Gross maximum exposure	Value of collateral held	Gross maximum exposure
Cash and cash equivalents	277	-	277
Receivables	5,514	-	5,514

The Company's main counterparties are other Renaissance Capital Group companies.

The table below provides a breakdown of the Company's maximum counterparty exposure by ratings. The Company applies the internal rating system of counterparties' classification by their credit quality and default probability. The Company uses similar rating classes as external rating agencies. The Company's counterparty exposures are largely short term.

(in thousands of USD)	At 31 December	
	2019	2018
<b>Internal rating</b>		
A	27	259
A-	5	-
BBB+	-	13
B-	249	5,514
NR	-	5
<b>Total balance sheet items</b>	<b>281</b>	<b>5,791</b>

## Liquidity and Funding Risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stressed circumstances. To limit this risk, the director of the Company established an overall liquidity and funding framework, managed through RCL. The liquidity and funding risk management framework is designed to mitigate the potential risk that the Company may be unable to access adequate financing to service its financial obligations when they become due without material adverse impact on the business.

The key objectives of the liquidity and funding risk management framework are to support the successful execution of business strategies while ensuring ongoing and sufficient liquidity through the business cycle and during periods of financial distress. Through various RCL risk and control committees, the director of the Company reviews business performance relative to this framework, monitors the availability of alternative sources of financing, and oversees the liquidity and currency sensitivity of the Company's asset and liability position.

These committees, along with the Renaissance Capital Group's Treasury Department and other control functions, also assist in evaluating, monitoring and controlling the impact that the Company's business activities have on its consolidated Statement of Financial Position, liquidity and capital structure, thereby helping to ensure that its business activities are integrated with the Company's liquidity and funding framework.

The Company's primary source of liquidity is the monthly management fee from RCL.

## Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Company's financial assets and liabilities at 31 December 2019 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

(in thousands of USD)

	At 31 December 2019					
	Call	3 months or less	3 to 12 months	1 to 5 years	No specified maturity	Total
<b>Assets</b>						
Cash and cash equivalents	32	-	-	-	-	32
Receivables	-	249	-	-	-	249
<b>Total financial assets</b>	<b>32</b>	<b>249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281</b>
<b>Liabilities</b>						
Payables	-	32	-	-	-	32
<b>Total financial liabilities</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>

(in thousands of USD)

	At 31 December 2018					
	Call	3 months or less	3 to 12 months	1 to 5 years	No specified maturity	Total
<b>Assets</b>						
Cash and cash equivalents	277	-	-	-	-	277
Receivables	-	5,514	-	-	-	5,514
<b>Total financial assets</b>	<b>277</b>	<b>5,514</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,791</b>
<b>Liabilities</b>						
Payables	-	26	21	-	-	47
<b>Total financial liabilities</b>	<b>-</b>	<b>26</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>47</b>

**Operational risk**

Operational risk is the risk of loss arising from inadequate or failed internal processes, human behaviour and systems or from external events. The Company undertakes a rigorous programme, through RCL, of monitoring and assessing operational risk. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures. RCL has monthly KRI reporting in place in order to assess and manage operational risk.

**18 Related party transactions**

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship attention is directed to its substance not merely the legal form.

The nature of the related party relationships for those related parties with whom the Company entered into significant transactions or had significant balances outstanding as at 31 December 2019 are set out below.

**Balances with related parties**

At 31 December 2019 and 2018 the outstanding balances with related parties were as follows:

(in thousands of USD)

At 31 December 2019

	Parent	Entities under common control	Subsidiaries
<b>Assets</b>			
Receivables	249	-	-
Investments in subsidiary undertakings	-	-	5,498
<b>Total assets</b>	<b>249</b>	<b>-</b>	<b>5,498</b>
<b>Liabilities</b>			
Other liabilities	-	2,732	-
<b>Total liabilities</b>	<b>-</b>	<b>2,732</b>	<b>-</b>

(in thousands of USD)

At 31 December 2018

	Parent	Entities under common control	Subsidiaries
<b>Assets</b>			
Receivables	-	5,494	20
Investments in subsidiary undertakings	-	-	5,498
<b>Total assets</b>	<b>-</b>	<b>5,494</b>	<b>5,518</b>
<b>Liabilities</b>			
Other liabilities	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>

Balances with the parent consist solely of balances with Renaissance Financial Holdings Limited.

Balances with entities under common control consists solely of balances with Renaissance Capital Limited.

Unless otherwise stated elsewhere in the financial statements, all intercompany balances are unsecured, interest free and repayable on demand.

**Transactions with related parties**

The income and expense items with related parties for the years ended 31 December 2019 and 31 December 2018 were as follows:

(in thousands of USD)

	At 31 December 2019		
	Parent	Entities under common control	Subsidiaries
Management fees	249	7,227	-
Other operating expenses	-	(1)	-

(in thousands of USD)

	At 31 December 2018		
	Parent	Entities under common control	Subsidiaries
Management fees	-	28,007	-
Other operating expenses	-	(3)	-

Transactions with parent represent transactions with Renaissance Financial Holdings Limited.

Transactions with entities under common control consist solely of transactions with Renaissance Capital Limited.

**19 Financial commitments and contingencies****Lease commitments – Company as lessee**

At the end of 2019, the Company had no leases commitments. At the end of 2018, the Company had a lease commitment for premises, which was terminated during the year.

Cumulative future minimum lease payments under non-cancellable leases as at 31 December are as follows:

(in thousands of USD)

	At 31 December	
	2019	2018
Within one year	-	912
Between one and five years	-	1,742
<b>Total operating lease commitments</b>	<b>-</b>	<b>2,654</b>

**Capital commitments**

At 31 December 2019 the Company had no capital commitments (2018: US\$NIL).

**20 Events occurring subsequent to the reporting date**

The existence and spread of COVID-19 is an emerging risk that the Company is monitoring closely. More details about the impact of COVID-19 are contained in Note 3.

There were no other events occurring subsequent to the reporting date requiring disclosure in these Financial Statements.

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## **21 Controlling party and parent company**

The Group's ultimate parent undertaking and controlling party at the year-end is Onexim Holdings Limited (Cyprus). The sole beneficiary of this undertaking is Mikhail Prokhorov. The Company's immediate parent company, Renaissance Financial Holdings Limited, is the largest and smallest group preparing consolidated financial statements in accordance with IFRS. These financials are available c/o Apex Corporate Services Ltd, 58 Par-la-ville Road, Vallis Building, 4<sup>th</sup> Floor, City of Hamilton, HM11, Bermuda and at Renaissance Financial Holdings Limited's place of business as an overseas company in Cyprus: Archiepiskopou Makariou III, 2-4, CAPITAL CENTER, 9th Floor, 1065, Nicosia, Cyprus, and in accordance with section 401 of the Companies Act 2006 are filed together with the Company's financial statements. Given that the parent company has elected to prepare consolidated financial statements, the Company has made use of the exemption from preparing consolidated financial statements.