

Gemcorp Capital (Services) Limited

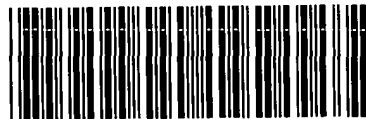
Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 08869490

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Gemcorp Capital (Services) Limited

Company Information

Directors	S Walton T Sando (resigned 20 December 2019)
Registered number	08869490
Registered office	2nd Floor 1 New Burlington Place London W1S 2HR
Independent auditors	Ernst & Young LLP 25 Churchill Place London E14 5EY

Gemcorp Capital (Services) Limited

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Gemcorp Capital (Services) Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of Gemcorp Capital (Services) Limited ("the Company") during the year continued to be that of a designated member and to act as a service provider to Gemcorp Capital LLP.

The directors do not anticipate any change in the Company's activity in the foreseeable future.

Results

The loss for the year, after taxation, amounted to \$90,027 (2018 : loss of \$43,607).

Directors

The directors who served during the year were:

S Walton
T Sando (resigned 20 December 2019)

Disclosure of information to auditors

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

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

Going concern

The accounts show a net current liability of \$14,201,455 and net liabilities of \$26,760 and have been prepared on a going concern basis due to the continued support from Gemcorp Capital LLP and the wider Gemcorp group for the oncoming 12 months.

The Company acknowledges the current outbreak of COVID-19 which is causing economic disruption in most countries and its potentially adverse economic impact. This is an additional risk factor which could impact the Company's operations after the year end.

The Company is actively monitoring developments closely. Given the nature of the outbreak and the ongoing developments, there is a high degree of uncertainty and it is not possible at this time to predict the extent and nature of the overall future impact on the Company.

The Company has concluded that the developments in the global financial markets after the year end did not provide evidence of conditions that existed at the end of the reporting period and have therefore assessed that any impact they have had is non-adjusting.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years. Please refer to note 2.2 and note 16 in the financial statements.

Post balance sheet events

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. For further discussion concerning the management assessment of COVID 19 impact on the Company refer to note 2.2.

Gemcorp Capital (Services) Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Auditors

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions and the strategic report exemption provided by section 415A of the Companies Act 2006.

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



S Walton
Director

Date: 13 May 2020

Gemcorp Capital (Services) Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 Company will continue in business.

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

Gemcorp Capital (Services) Limited

Independent Auditors' Report to the Members of Gemcorp Capital (Services) Limited

Opinion

We have audited the financial statements of Gemcorp Capital (Services) Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the related notes 1 to 17, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – effects of COVID-19

We draw attention to note 2.2 and note 16 of the financial statements, which describe the economic consequences the Company is facing as a result of COVID-19 which is impacting global financial markets. Our opinion is not modified in respect of this matter.

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

Gemcorp Capital (Services) Limited

Independent Auditors' Report to the Members of Gemcorp Capital (Services) Limited (continued)

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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Gemcorp Capital (Services) Limited

Independent Auditors' Report to the Members of Gemcorp Capital (Services) Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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 Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



James Beszant (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

London

Date: 14 May 2020

Gemcorp Capital (Services) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Turnover		18,191,751	16,809,296
Gross profit		<u>18,191,751</u>	<u>16,809,296</u>
Administrative expenses		(18,424,065)	(16,809,309)
Gain on financial assets at fair value through profit and loss	11	232,368	-
Operating profit/(loss)	3	<u>54</u>	<u>(13)</u>
Interest receivable and similar income		9	13
Interest payable and similar expenses		(63)	-
Profit before tax		<u>-</u>	<u>-</u>
Tax on profit	5	(90,027)	(43,607)
Loss for the financial year		<u><u>(90,027)</u></u>	<u><u>(43,607)</u></u>

All amounts are in respect of continuing activities.

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:\$NIL).

The notes on pages 9 to 21 form part of these financial statements.

Gemcorp Capital (Services) Limited

Registered number: 08869490

Statement of Financial Position As at 31 December 2019

	Note	2019 \$	2018 \$
Fixed assets			
Tangible assets	6	5,840,856	6,606,513
Investments	7	10,374,441	10,374,441
		<u>16,215,297</u>	<u>16,980,954</u>
Current assets			
Debtors: amounts falling due after more than one year	8	4,726,122	2,476,120
Debtors: amounts falling due within one year	8	3,812,214	1,636,895
Cash at bank and in hand		74,510	539,130
		<u>8,612,846</u>	<u>4,652,145</u>
Current liabilities			
Creditors: amounts falling due within one year	9	(22,814,301)	(21,569,832)
Net current liabilities		<u>(14,201,455)</u>	<u>(16,917,687)</u>
Total assets less current liabilities		<u>2,013,842</u>	<u>63,267</u>
Creditors: amounts falling due after more than one year	10	(2,040,602)	-
Net (liabilities)/assets		<u><u>(26,760)</u></u>	<u><u>63,267</u></u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(26,762)	63,265
		<u><u>(26,760)</u></u>	<u><u>63,267</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

S. Walton

S Walton
Director

Date: 13 May 2020

The notes on pages 9 to 21 form part of these financial statements.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

These financial statements are presented in US Dollars (USD). They comprise the financial statements of the Company for the year ended 31 December 2019 and presented to the nearest dollar.

The Company has determined that USD is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

The principal activity of the Company during the year continued to be that of a designated member and to act as a service provider to Gemcorp Capital LLP.

The Company is a United Kingdom private limited company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is 2nd Floor, 1 New Burlington Place, London, United Kingdom, W1S 2HR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The Company has taken advantage of the exemptions conferred by FRS 102 1A.7 not to present a Statement of Changes in Equity or Statement of Cash Flows.

The Company, as at the 31 December 2019, subject to the small companies regime and in accordance with Section 399 of the Companies Act 2006, is not required to produce consolidated accounts.

The following principal accounting policies have been applied:

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.2 Going concern

The accounts have been prepared on a going concern basis having regard to the future trading performance of the Company.

The accounts show a net current liability of \$14,201,455 and net liabilities of \$26,760 and have been prepared on a going concern basis due to the continued support from Gemcorp Capital LLP and the wider Gemcorp group for the oncoming 12 months.

On January 30, 2020, the World Health Organization declared the outbreak of coronavirus ("COVID-19") to be a public health emergency of international concern. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes.

The full extent to which the COVID-19 pandemic may impact the Company's results, operations or liquidity is uncertain. Management continues to monitor the impact that the COVID-19 pandemic has on the Company and the economies in which the Company operates. Management has performed a COVID-19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements. The analysis has modelled a number of adverse scenarios to assess the potential impact that COVID-19 may have on the Company's operations, liquidity, solvency and regulatory capital position as well as a reverse stress test to assess the stresses the balance sheet has to endure before there is a breach of the relevant regulatory capital requirement and including an assessment of any relevant mitigations management have within their control to implement.

The most likely expected financial impact is in respect of the performance of Gemcorp Capital LLP, which the Company supports. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments and management have a number of actions that there are able to take to protect profitability and solvency.

Having performed this analysis management believes the Company has sufficient liquidity to meet its liabilities for the for the next 12 months and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

2.3 Revenue recognition

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

The Company receives revenue from Gemcorp Capital LLP to cover all of its costs, and hence revenue is recognised on the same basis as it recognises those costs.

2.4 Administration expense

All administration expenses of the Company are recognised on an accruals basis.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.5 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.

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	- 4 years
Office equipment	- 4 years
Artwork	- not depreciated

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 the Statement of Comprehensive Income.

2.6 Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Trade and other receivables are initially recognised at transaction price where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. These basic financial assets, other than short term receivables, are subsequently carried at amortised cost using the effective interest method.

Short term trade and other receivables with no stated interest rate which are receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

2.8 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.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.9 Financial instruments

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit or loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

2.10 Creditors

Basic financial liabilities including trade and other payables and interest bearing loans and borrowing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the income statement.

Short term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price..

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

2.13 Pensions

Workplace pension scheme

The Company operates a workplace pension scheme for its employees. A workplace pension scheme is a defined contribution scheme under which the Company pays a percentage contribution into the scheme.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD, as this is the currency of the economic environment in which the Company predominantly operates.

Transactions and balances

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

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

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

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

3. (Loss)/profit before tax

The (loss)/profit before tax is stated after charging:

	2019 \$	2018 \$
Fixed asset depreciation	1,034,970	805,906
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	17,900	19,465
Foreign exchange (gain)/loss	(137,296)	162,118
Operating lease rentals	1,735,073	1,860,959

4. Employees

The average monthly number of employees, including directors, during the year was 43 (2018 : 38).

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Taxation

	2019 \$	2018 \$
Corporation tax		
Current tax on profits for the year	-	6,276
Adjustments in respect of previous periods	421	-
Total current tax	421	6,276
Deferred tax		
Origination and reversal of timing differences	2,224	18,113
Adjustments in respect of previous periods	87,382	19,218
Total deferred tax	89,606	37,331
Taxation on profit on ordinary activities	90,027	43,607

Factors affecting tax for the year

The tax assessed for the year is higher than (2018 -higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 \$	2018 \$
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%)	-	-
Effects of:		
Expenses not deductible for tax purposes	-	7,919
Impact of timing differences	(13,158)	6,859
Adjustments to tax charge in respect of prior periods	87,803	19,218
Adjust closing deferred tax to average rate	1,385	9,611
Deferred tax not recognised	13,997	-
Total tax charge for the year	90,027	43,607

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Taxation (continued)

Factors that may affect future tax charges

The Finance (no.2) Act 2015 reduced the tax rate to 19% (effective from 1 April 2017) and the Finance Act 2016 further reduced the tax rate to 17% (effective from 1 April 2020). Deferred tax assets and liabilities are measured at the tax rates that they are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

6. Tangible fixed assets

	Leasehold improvements \$	Fixtures and fittings \$	Office equipment \$	Artwork \$	Total \$
Cost or valuation					
At 1 January 2019	5,387,832	1,270,716	420,676	333,195	7,412,419
Additions	-	113,672	64,463	91,178	269,313
At 31 December 2019	5,387,832	1,384,388	485,139	424,373	7,681,732
Depreciation					
At 1 January 2019	449,040	249,544	107,322	-	805,906
Charge for the year on owned assets	538,784	357,033	139,153	-	1,034,970
At 31 December 2019	987,824	606,577	246,475	-	1,840,876
Net book value					
At 31 December 2019	4,400,008	777,811	238,664	424,373	5,840,856
At 31 December 2018	4,938,792	1,021,172	313,354	333,195	6,606,513

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Fixed asset investments

	Investments in subsidiary companies \$
Cost or valuation	
At 1 January 2019	10,374,441
At 31 December 2019	<u>10,374,441</u>

The investment represents the Company's investment in:

- Gemcorp Capital LLP (the "LLP"), a partnership incorporated in England and Wales, in which the Company holds no voting rights, but 99% of the equity interest as at 31 December 2019. The Company does not control the LLP. No impairment has been recognised in the year. The principal activity of the LLP's business continues to be that of the provision of investment management services to Gemcorp (Cayman) Limited, a company incorporated in the Cayman Islands and the ultimate controlling party of Gemcorp Capital (Services) Limited.
- Gemcorp Capital (SA) Pty Limited, a company incorporated in South Africa. The Company owns 100% of the share capital of Gemcorp Capital (SA) Pty Limited.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Debtors

	2019 \$	2018 \$
Due after more than one year		
Other debtors	2,562,199	2,476,120
Financial assets at fair value through profit or loss (note 11)	2,163,923	-
	<u>4,726,122</u>	<u>2,476,120</u>
	2019 \$	2018 \$
Due within one year		
Amounts owed by group undertakings	866,067	676,921
Other debtors	464,276	451,045
Prepayments and accrued income	375,625	419,323
Deferred taxation	-	89,606
Financial assets at fair value through profit or loss (note 11)	2,106,246	-
	<u>3,812,214</u>	<u>1,636,895</u>

Amounts owed by group undertakings are unsecured, interest free and due on demand.

Included in other debtors are rent deposits of \$2,554,277 (2018: \$2,476,120) due after more than one year and \$nil (2018: \$nil) due within one year.

9. Creditors: Amounts falling due within one year

	2019 \$	2018 \$
Trade creditors	13,826	39,581
Amounts owed to group undertakings	14,247,304	14,672,740
Corporation tax	945	6,276
Other taxation and social security	206,679	267,429
Other creditors	2,188,227	811
Accruals and deferred income	6,157,320	6,582,995
	<u>22,814,301</u>	<u>21,569,832</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

Other creditors arose as a result of group incentive schemes.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Creditors: Amounts falling due after more than one year

	2019 \$	2018 \$
Other creditors	<u>2,040,602</u>	<u>-</u>

Other creditors arose as a result of group incentive schemes.

11. Financial assets measured at fair value through profit or loss

	2019 \$	2018 \$
Financial assets		
Collective investment schemes	<u>4,270,169</u>	<u>-</u>

Fair value information

All financial assets held by the Company at fair value through profit or loss have been categorised as Level 3 – Valuation techniques using significant unobservable inputs. These financial assets have been valued using net asset value with no discount factor.

The disclosure required by FRS 102 focus on the risks that arise from financial instruments and how they have been managed. These risks include credit risk, liquidity risk and market risk. These disclosures require sensitivity analysis to be performed by the Company identifying the financial impact on the Company of movements in interest rates, foreign exchange rates, equity prices and commodity prices. The Company is not exposed to such moves in rates and prices as the financial assets identified above are hedged through a liability to employees that tracks the movement in the financial assets.

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Deferred taxation

	2019 \$
At beginning of year	89,606
Charged to profit or loss	(89,606)
Utilised in year	-
At end of year	-

The deferred tax asset is made up as follows:

	2019 \$	2018 \$
Tax losses carried forward	-	89,606

13. Pension commitments

The Company operates a workplace defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions payable by the Company to the fund and amounted to \$352,733 (2018: \$206,379). Contributions totalling \$nil (2018: \$nil) were payable to the pension fund at the statement of financial position date.

14. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 \$	2018 \$
Not later than 1 year	2,014,697	1,031,717
Later than 1 year and not later than 5 years	3,137,213	5,955,690
	5,151,910	6,987,407

Gemcorp Capital (Services) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Related party transactions

	2019 \$	2018 \$
Gemcorp Commodities Trading SA		
- same ultimate beneficial owner		
Balance at year end	64,995	170,583
Expenses paid by the Company	64,988	170,660
Intercompany cash settlements/payments	(170,575)	(5,314)
Gemcorp Capital LLP		
- Company is corporate member		
Balance at year end	(1,806,553)	(510,843)
Recharged expenses	18,191,751	18,361,825
Amounts invested on behalf of LLP members	3,375,000	-
Expenses paid by the LLP	(895,853)	(902,368)
Expenses paid by the Company	300,454	28,342
Intercompany cash settlements/payments	(20,783,121)	(17,482,674)
Gemcorp Commodities Trading Holdings Limited		
- an entity under common control		
Balance at year end	22,376	20,744
Expenses paid by the Company	1,632	20,744
Gemcorp Commodities Trading Rus LLC		
Balance at year end	16,951	-
Expenses paid by the Company	16,951	-
Gemcorp Commodities Global DMCC		
Balance at year end	1,638	-
Expenses paid by the Company	1,638	-

The Company has utilised the exemption available under FRS102 33.1A not to disclose transactions with subsidiaries that are wholly owned.

16. Post balance sheet events

COVID-19 is considered to be a non-adjusting post balance sheet event and as such no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. For further discussion concerning the management assessment of COVID 19 impact on the Company refer to note 2.2.

17. Controlling party

The immediate parent undertaking and ultimate controlling party of the Company is Gemcorp (Cayman) Limited, a company incorporated in the Cayman Islands.

The Company has taken advantage of the exemption in section 383 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.