

# **CIRDAN CAPITAL MANAGEMENT LTD**

**(Registration Number 08853583)**

**Annual Report and Consolidated Financial Statements  
for the year ended 31 January 2022**

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

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# CIRDAN CAPITAL MANAGEMENT LTD

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## General Information

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Country of Incorporation and Domicile	United Kingdom
Directors	A M De Negri P F Stevens : Independent Non-executive Director and Chairman L Calcagni : Independent Non-executive Director R Infante M Oprandi
Registered Office	3rd Floor, 54 Baker Street London United Kingdom W1U 7BU
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP United Kingdom  Citibank N.A., London Branch 33 Canada Square Canary Wharf London E14 5LB United Kingdom  Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom  Interactive Brokers LLC One Pickwick Plaza Greenwich, CT06830 United States  Banca5 S.p.A Office Milano 65 PO Box 14284 - 20146 Milano Italy  Banca Finnat Palazzo Altieri, Piazza del Gesu Rome, Italy

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## General Information

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<b>Registrar</b>	Citigroup Global Markets Deutschland AG Reuterweg 16 60323 Frankfurt Germany  Carmelo Benenti Torlo 22 Via Mezz'Oncia Borgo Lavezzaro Novara 28071 Italy
<b>Listing Agent</b>	Arthur Cox Listing Services Limited Ten Earlsfort Terrace Dublin 2, DO2 T380 Ireland
<b>Principal Paying Agent, Exchange Agent and Transfer Agent</b>	Citibank N.A., London Branch 33 Canada Square Canary Wharf London E14 5LB United Kingdom  BFF Bank S.p.A (Appointed on 7 January 2022) Via Domenichino 5 Milan 20149 Italy
<b>Custodian</b>	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom
<b>Derivatives' Broker</b>	Interactive Brokers LLC One Pickwick Plaza Greenwich, CT06830 United States
<b>Derivative Counterparty</b>	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom

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## General Information

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**Derivative Counterparty (continued)**

J.P. Morgan Securities plc.  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

Credit Suisse  
1 Cabot Square  
London  
United Kingdom

**Registered Number**

08853583 (England and Wales)

**Independent Auditors**

Mazars  
Chartered Accountants & Statutory Audit Firm  
Harcourt Centre, Block 3  
Harcourt Road,  
Dublin 2  
Ireland

# CIRDAN CAPITAL MANAGEMENT LTD

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## Strategic Report

The Group is an independent financial boutique specialised in issuing structured products, providing asset securitisation services and investment technology solutions. Our teams of global industry experts focus on creating infinitely flexible, high quality financial solutions for our evolved clients with the highest level of commitment and care.

The Group had undertaken a restructuring during the financial year under review. A ultimate parent entity was incorporated - Cirdan Group S.p.A, which is an Italian domiciled holding company. In addition, the Group incorporated a wholly owned subsidiary, SmartCrypto ETP GmbH. As part of the restructuring the Company had amended the share capital, and also bought back the B-Class shares.

Cirdan Group S.p.A is the ultimate parent entity of Cirdan Capital Management Ltd; a UK domiciled FCA regulated entity, SmartETN PLC; an Irish domiciled certificate issuance vehicle. SmartETN PLC's base prospectus is approved by the Central Bank of Ireland and accordingly is eligible to list products on public exchanges such as the Frankfurt exchange, Vienna stock exchange or the EuroTLX stock exchange. SmartCrypto ETP GmbH; a German domiciled entity, and the base prospectus was approved by the German Regulator, BAFIN, as of 2nd September 2022, however, during the financial year there was no trading activity.

For the asset securitisation services, the Group performs the role of the arranger and calculation agent to two Luxembourg domiciled vehicles, Aldburg S.A. and Aldburg Public S.A.. Both vehicles are authorised to issue notes, certificates and warrants to professional clients (Aldburg S.A.) and retail investors (Aldburg Public S.A.), tailoring the products to the exact needs required.

### Business review

During the financial year the Group had achieved significant growth of the its significant business lines - the issuance of structured products and development of asset securitised services. As an auxiliary service, the distribution and administration of 3rd party structured products remained at consistent levels. The gross revenue for the three business lines can be summarised as per below:

	2022	2021
	£	£
Structured product issuance	17,651,000	8,028,182
Asset securitisation services	4,636,366	3,513,920
Distribution and administration services	2,612,625	2,994,668
	<b>24,899,991</b>	<b>14,536,770</b>

"Distribution and administration services" are once off, non-recurring in nature of the service and the Group has taken a strategic approach to maintain this service level, rather than actively growing the offering. The core focus of the Group is on the "Structured product issuance", through our subsidiary, SmartETN PLC and "Asset securitisation service", for which Cirdan Capital Management Ltd is the arranger and calculation agent to two Luxembourg based securitisation vehicle, Aldburg S.A. and Aldburg Public S.A..

For the 12 months ended 31 January 2022 the Group had issued 116 new certificates (2021: 56), with the accumulated number of certificates issued since incorporation being 211 (2021: 95) from SmartETN PLC. The Group was the arranger to 13 issuances (2021: 21), with the accumulated number of certificates issued since the inception of the arranger agreement being 63 (2021:50).

### Principal risks and uncertainties

The Group takes a prudent, structured approach to risk management. The Group is required to maintain a risk management policy, which is reviewed at least annually. As an FCA regulated firm, Cirdan Capital Management Ltd is required to maintain a minimum capital adequacy level, after considering and addressing potential risks deemed applicable to our business. This is available for review, as per our Pillar III disclosure: <https://cirdancapital.com/pillar-3-disclosure-and-policy>. The Group's financial risks that it is exposed to and the financial risk management policies to mitigate them are set out in Note 26.

# CIRDAN CAPITAL MANAGEMENT LTD

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## Strategic Report

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Further uncertainties that the Group has considered are related to the ongoing worldwide pandemic (Covid-19), the regulatory and operational impact of Brexit and the general macro-economic environment.

The Group has addressed each of these risks and continue to monitor and review any additional risk, and taken the following steps to mitigate many of the identified risks:

### **Covid-19:**

The Covid-19 pandemic impact was experienced across the world, by individuals, companies and entire communities. This required the Group to roll out and tailor our disaster management and fall over business continuity measures. The Group have ensured that the priority has remained the health and safety of individuals, employees and all direct and indirect stakeholders.

The Group have continuously aligned the Covid-19 stance with the local government recommendations. A full work from home system was implemented at the height of the pandemic, ensuring that the Group was able to service the clients and the products without any disruption. The Group's financial performance was not materially impacted by the Covid-19 pandemic. As the Group exits the worst of the Covid-19 restrictions, we have tailored our working solution to enable maximum level of comfort, convenience and performance for employees.

### **Brexit:**

The Group continues to work with the UK regulator (The FCA), but also engage with various reputable European regulators, including but not limited to:

- |                                |                              |
|--------------------------------|------------------------------|
| - CBI: Central Bank of Ireland | - BAFIN: German regulator    |
| - Consob: Italian regulator    | - CSSF: Luxembourg regulator |

The Group and Company mainly trades between the United Kingdom and the European Union. The risk borne by the Brexit legislation has been monitored closely, as that continues to have an impact the business if the movement of trade in relation to financial services is not maintained in a commercially viable manner. The Group and Company has sought legal advice to understand the potential and actual risks related to restriction of trade or the regulatory recognition of the FCA authority, and addressed these individually. Initially the Brexit transition period had expired on 31 December 2020. The FCA has offered certain temporary transitional powers to FCA regulated firms to allow for a smooth Brexit process. The Group has pro-actively obtained passporting permissions with Consob, the Italian Regulator. The determination was made by Consob that it would honour and recognise the FCA permissions (<https://www.consob.it/web/consob-and-its-activities/companies-non-eu-authorized-in-italy-without-branches>). With this authorisation, the Group is permitted to continue to perform the approved regulated activity across the EU. Furthermore, the Group has approval from the FCA to continue as an approved and regulated benchmarking firm - <https://register.fca.org.uk/BenchmarksRegister/s/?pageTab=Administrators>.

In addition, the Company's subsidiary is domiciled in the Republic of Ireland, and the base prospectus is approved by the CBI. The structure enables the products to be issued and traded in the European market. Our arranger agreement with Aldburg S.A. and Aldburg Public S.A., two Luxembourg based entities, has further contributed to our ability to maintain our level of business. In conclusion, the Group has been able to maintain a similar level of business with EU based investors as per pre-Brexit.

### **General macro-economic environment:**

The Group operates in a highly complex, competitive market that is sensitive to external market factors. In the current uncertainty, brought about by possible recessions in the major economic sectors and the instability brought about by the current invasion of Ukraine by Russia, has left the asset management and investment sector as a whole finding the balance between risk and reward extremely challenging. It is proving more and more difficult to convince investors to part with their capital, irrespective of the potential performance.

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That being said, the nature of structured products are that they become more attractive when there is an amount of market variance and change - rather than a static, sideways market. In addition, the market for asset securitisation is indifferent to market instability, as it operates outside of the traditional markets. The Group is conscious of all the potential risks however, and continuously monitor the performance of the products and adherence to all the internal corporate governance and value for money tests.

### **Risk management:**

At a consolidated level, the principal risk that is managed, reviewed and monitored is the continued ability of SmartETN PLC to honour the contractually agreed coupons and capital redemption obligations of all the certificates issued. The Group manages the risk by hedging the certificates with an exact and opposite performing derivative. The characteristics of the hedge asset and certificate liability are directly related. This is a key function of operations to ensure that the "outflows" are accurately matched with a corresponding asset and thus, enabling SmartETN PLC to remain in a solvent and liquid position, at all times. The Group guarantees any potential capital shortfall on contractual payments to a maximum of 10% invested, as per the base prospectus and all available documentation regarding the certificates. This risk is monitored on a daily basis, to ensure that any potential variance can be addressed immediately.

### **Financial key performance indicators - Group**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Fee income	7,828,028	6,954,648
Net gain on financial assets and liabilities at FVTPL	15,935,915	7,589,206
Net (loss) on financial liabilities at amortised cost	(1,209,177)	(624,397)
Net gain on financial assests at amortised cost	1,520,065	206,558
Total investment assets	74,799,412	43,346,013
Value of certificates issued	131,914,113	72,536,216
Number of certificates issued during the year - SmartETN PLC	116	56
Net profit before tax as a percentage	30 %	21 %

The Group continue to encourage diversification, mitigating concentration risk of single large clients, geographical locations or specific industries. With a strategic view taken on the software and FinTech opportunities, the Group has benefited from the scalability of the internally generated software development and implementation, thus having an increase in revenue without a ratio matched increase in expense.

### **Other key performance indicators**

In general, the Group has continued to grow its business year on year, and this is supported by the increase in full time employees from 22 to 27, as well as an office move of the Group to 3rd Floor, 54 Baker Street, London W1U 7BU.

The Group continues to invest in the development of software alternatives, to allow us to better service the clients' needs, continuously encourage the staff to undertake training and participate in a collaborative, shared knowledge working experience.

### **Future developments**

The Group will continue to focus on the issuance of structured products via SmartETN PLC and asset securitisation services as the arranger and calculation agent to Aldburg S.A. and Aldburg Public S.A.. The Group is working on a selection of products that will be offered directly to the market, rather than created bespoke upon request.



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## Strategic Report

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The Group has incorporated SmartCrypto ETP GmbH, for which the base prospectus was approved by BAFIN on 12th September 2022. SmartCrypto ETP GmbH will issue exchange traded certificates with similar characteristics to the current issuance vehicle, SmartETN PLC. However, SmartCrypto ETP GmbH will issue certificates with crypto currencies as the underlying index or single holding. The Group will manage the risk by hedging the certificates with a direct and opposite asset. This will mitigate any market, price or liquidity risk borne by the Group.

In addition, the ultimate parent company, Cirdan Group S.p.A. is negotiating the acquisition of an approved European banking licence, through the purchase of an Italian domiciled bank. The full banking licence will afford the opportunity of a credit rating and compliment and further improve the current service offerings, as it will allow the Group to internalise certain functions which are currently outsourced. A credit rating will allow the Group access to additional clientele and increase the potential revenue. The banking group will initially improve the speed to market and decrease the reliance on external service providers and intermediaries. The medium to long term intention will be to offer additional product that compliment the existing selection.

The Company had received approval from the FCA (Financial Conduct Authority) on the 3rd November 2021 for Client Asset Assurance Standard (CASS) permissions. The Group will utilise the permissions to offer complimentary services to the existing clients. The Group has already identified a sub-section of clients that would utilise these permissions.

A strategic focus on software, which will enable the product offering to become more scalable, incorporating best practice technology to assist in the smooth transition through the full length of the transactions, from onboarding, KYC and AML right through to maturity of certificates. The purpose of the software from a user experience perspective is allowing investors to have real-time access to their investment positions on a Group designed platform.

The Groups' intention is to grow the familiarity and the credibility of the brand with the various incorporation and potential acquisitions - which in turn should allow the increase of existing services but also the addition of new offerings to clients and the market.

### Promoting the success of the Group

Section 172 of the Companies Act 2006 requires the directors to take into consideration the interest of stakeholders in their decision-making and this statement should be read in conjunction with the Strategic report in its entirety. The directors continue to have regard to the interests of the Groups' employees and other stakeholders including the impact of its activity on the community, the financial system, and general society, when making decisions. The directors act in good faith and fairly between the Group's employees and consider the steps that are most likely to promote the success of the Group in the long term, for its employees. The Directors continue to strive to maintain the Group's reputation for high standards of business conduct.

The Group has long-established channels of communication (informal and formal) within the organisation where employees can put forward their views and ideas. The Group was able to quickly respond to the Covid-19 pandemic by ensuring all staff could work effectively and safely from home, anticipating to the recommendations of the United Kingdom government in early March 2020 and successfully thereafter. We continue to embrace diversity within our business and create an environment where staff have the opportunity to develop and progress. Our principal stakeholders including our shareholders, staff and distributors are engaged on a frequent basis.

### On behalf of the Board:

DocuSigned by:  
  
 60644CD833FF492...  
 A M De Negri - Director

**Date:** 13/9/2022 | 10:27:07 PDT

# CIRDAN CAPITAL MANAGEMENT LTD

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## Directors' Report

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The Directors present their annual report with the financial statements of the Group and Company for the year ended 31 January 2022.

### 1. Principal Activity

The principle activity of the Group in the year under review was that of acting as an investment boutique, offering the issuance of structured products, providing asset securitisation services and quantitative solutions through the use of FinTech.

Within this activity, the Group acquires a portfolio of financial instruments financed by the issuance of listed debt obligations (the "Certificates") to investors (the "Certificates Holders"). The certificates issued are either listed on the Frankfurt exchange, the Vienna stock exchange or the EuroTLX stock exchange. Refer to note 22 for the detail of the certificates in issuance at the date of the financial statements. The net proceeds from each issuance of certain certificates are used to enter into offsetting financial transactions and derivatives in such a way as to hedge the exposure of the Group to future promised returns of the certificates issued to the minimum extent required. In addition, the Group also maintains an investment portfolio using the proceeds from certain certificates issued to generate excess returns over the contractual obligations for the benefit of the Group. The investment portfolio of financial assets includes but is not limited to common stocks, equity stock indices, mutual funds stocks, money market funds, stock warrants, debt instruments, derivatives and unlisted investments. The investment portfolio of financial liabilities of the Group includes but is not limited to short traded stocks, equity stock indices, mutual funds stocks and stock warrants. The Group has also entered into exchange-traded commodity futures, options and over-the-counter contracts for differences, futures, equity linked swaps, warrants, forwards, credit derivatives and interest rate options (the "derivative financial instruments") for hedging and investment purposes. During the financial year under review, certificates may have been cancelled or redeemed. Cancelled refers to Certificates that were fully bought back and subsequently marked-down. A redemption would be an event, whereby a Certificate has either matured, or been autocalled.

There are two types of Certificates issued by the Group:

#### **Index linked Certificate**

An index linked certificate is a structured product whereby the performance of the certificate is directly linked to the performance of an underlying index. The index could be a fixed composition of underlying assets, or, may have a fluid composition, which is managed (Actively Managed Certificate) within a pre-set investment mandate based on a proprietary methodology ("Index rules"). The investment objective is to achieve an increase in capital value.

#### **Coupon paying Certificate**

A coupon paying certificate is a structured product with a pre-set coupon payoff, payable conditionally on the performance of the underlying assets. The assets are a fixed selection, as set out at issuance, with observation dates pre-defined to observe the value at a given time. Depending on the performance of the underlying assets against the thresholds defined in the issue terms of the certificate, there may be a coupon payable to the certificate holder. At maturity the investor will receive the notional amount if the performance of the underlying assets is above the pre-determined thresholds, otherwise the investor will incur a loss.

The Group hedges its exposures on its certificates and has entered into hedging agreements with Goldman Sachs International ("GSI"), J.P. Morgan Securities plc and Credit Suisse International. Interactive Brokers Ltd and its affiliate Interactive Brokers LLC are the brokers of the Group for derivative and non-derivative financial instruments.

During the financial year, the Group had paying agent service agreements with Citibank N.A. and BFF Bank S.p.A.

Certain certificates' return, in respect of any interest payable and / or redemption amount, may be linked to the performance of a reference item such as one or more indices or one or more shares or depositary receipts. The satisfaction of the economic obligations in respect of the certificates is unconditionally and irrevocably guaranteed by the Group. The obligations of the Group under its guarantee will be direct, unconditional and unsecured obligations of the Group and will rank pari passu with all other unsecured and unsubordinated obligations of the Group. A certificate holder does not have rights to ownership in the reference item(s).

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## Directors' Report

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The value of such certificates that are linked to the performance of a reference item will move in accordance with the value of that underlying reference item. If the reference item value on the redemption valuation date is below 100%, the loss will be equal to that of a direct investment in the reference item on the redemption valuation date, subject to a minimum redemption amount of 10%, of the specified denomination of the certificate. The minimum redemption amount of 10% is guaranteed by the Group.

### 2. Events after reporting date

The Directors take note of the invasion by Russia of Ukraine, and the potential impact that may have on the Group due to the macro-economic factors. However, at the date of signing the Group has not been directly impacted.

### 3. Directors' Interest

Antonio de Negri holds the controlling interest in Cirdan Group S.p.A, the ultimate controlling entity of the group.

### 4. Dividends

No dividends will be distributed for the year ended 31 January 2022.

### 5. Directors

The Directors of the Company during the year and to the date of this report are as follows:

A M De Negri

P F Stevens : Independent Non-executive Director and Chairman

L Calcagni : Independent Non-executive Director

R Infante

M Oprandi

### 6. Charitable or Political Donations

The Group did not make any charitable or political donations during the year.

### 7. Research and Development

The Group has undertaken research and development activities during the year under review. This is related to the software intangible assets disclosed in Note 12 of these financial statements. The Group will continue to incorporate FinTech functionality into the day to day activity.

### 8. Financial Risk Management

The disclosures in relation to the Group's policies for financial risk management, including market risk, interest rate risk, price risk, foreign exchange risk, credit risk and liquidity risk and the nature of the instruments used during the financial period to mitigate exposure to these risks are shown in Note 26.

### 9. Independent auditors

The auditors, Mazars have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

### On behalf of the Board:

DocuSigned by:

*Antonio De Negri*

60644CD833EF492

A M De Negri - Director

Date:

13/9/2022 | 10:27:07 PDT

# Cirdan Capital Management Ltd

(Registration Number 08853583)

Consolidated Annual Financial Statements for the year ended 31 January 2022

## Statement of Directors' Responsibilities

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The Directors are responsible for preparing the Annual Report of the Directors and the financial statements in accordance with applicable laws 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 Group and Company financial statements in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006. 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

### Statement of disclosure of information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

### On behalf of the Board:

DocuSigned by:

*Antonio De Negri*

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13/9/2022 | 10:27:07 PDT

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A M De Negri - Director

## Independent auditor's report to the members of Cirdan Capital Management Ltd.

### Opinion

We have audited the financial statements of Cirdan Capital Management Ltd (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 January 2022 which comprise of Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, The Consolidated Statement of Cash Flows, The Company Statement of Cash Flows, and 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) and, as regards of the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Parent company's affairs as at 31 January 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

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

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

## **Other information**

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

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

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

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

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

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

## **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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 the financial statements.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- We identified the laws and regulations applicable to the group and parent company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and parent company which were contrary to applicable laws and regulations including fraud.

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and

- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

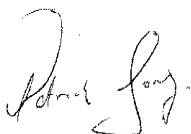
- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Reviewing correspondence with HMRC and the group's legal advisors

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Use of the audit 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.



**Patrick Gorry**

for and on behalf of Mazars

Chartered Accountants and Statutory Auditor

Harcourt Centre, Clock 3

Harcourt Road

Dublin 2

Ireland

Date: 14 September 2022



# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Consolidated Statement of Comprehensive Income

Figures in £	Notes	2022	2021
Fee income	3	7,828,028	6,954,648
Net gain on financial assets and liabilities at FVTPL	4	15,935,915	7,589,206
Net (loss) on financial liabilities at amortised cost	5	(1,209,177)	(624,397)
Net gain on financial assets at amortised cost	6	1,520,065	206,558
Fee expense	7	(9,880,426)	(7,201,195)
<b>Gross profit</b>		<b>14,194,405</b>	<b>6,924,820</b>
Administrative expenses	8	(6,686,929)	(3,807,696)
<b>Operating profit</b>		<b>7,507,476</b>	<b>3,117,124</b>
Finance income		445	2,499
Finance costs	9	(296,238)	(107,425)
<b>Profit before tax</b>		<b>7,211,683</b>	<b>3,012,198</b>
Income tax	10	(1,716,349)	29,734
<b>Profit for the year</b>		<b>5,495,334</b>	<b>3,041,932</b>
<b>Other comprehensive income</b>			
Translation reserve movements		213,206	(81,477)
<b>Total other comprehensive income</b>		<b>213,206</b>	<b>(81,477)</b>
<b>Total comprehensive income for the year</b>		<b>5,708,540</b>	<b>2,960,455</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent		5,495,334	3,041,932
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		5,708,540	2,960,455

# CIRDAN CAPITAL MANAGEMENT LTD

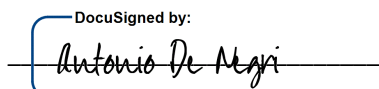
(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Consolidated Statement of Financial Position

Figures in £	Notes	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	11	199,826	31,984
Intangible assets	12	1,131,107	553,804
Right-of-use assets	13	671,622	657,160
Debt instruments at amortised cost	14	26,203,560	21,286,373
Financial assets at FVTPL	15	30,841,212	15,059,635
Derivative financial instruments	16	17,622,920	7,000,005
Deferred tax assets	17	33,463	127,765
		<b>76,703,710</b>	<b>44,716,726</b>
<b>Current assets</b>			
Derivative financial instruments	16	131,720	-
Trade and other receivables	19	84,810,423	19,087,821
Cash and cash equivalents	20	40,146,721	25,095,399
		<b>125,088,864</b>	<b>44,183,220</b>
<b>Total assets</b>		<b>201,792,574</b>	<b>88,899,946</b>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Called up share capital	21	1	419,763
Capital redemption reserve		419,762	-
Other reserves		152,637	(60,569)
Retained earnings		9,048,472	4,392,235
		<b>9,620,872</b>	<b>4,751,429</b>
<b>Non-current liabilities</b>			
Derivative financial instruments	16	43,249,503	5,881,732
Certificates issued	22	93,178,618	67,219,146
Lease liabilities	13	639,190	312,937
Deferred tax	17	98,865	84,178
		<b>137,166,176</b>	<b>73,497,993</b>
<b>Current liabilities</b>			
Trade and other payables	23	12,359,236	4,796,233
Current tax liability	10	1,610,231	2,871
Certificates issued	22	38,735,495	5,317,070
Derivative financial instruments	16	2,189,840	190,127
Lease liabilities	13	110,724	344,223
		<b>55,005,526</b>	<b>10,650,524</b>
<b>Total equity and liabilities</b>		<b>201,792,574</b>	<b>88,899,946</b>

The financial statements were approved by the Board of Directors and authorised for issue on \_\_\_\_\_ and were signed on its behalf by:

DocuSigned by:  
  
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 A M De Negri - Director

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Financial Statements for the year ended 31 January 2022

## Company Statement of Financial Position

Figures in £	Notes	2022	2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	11	199,826	31,984
Intangible assets	12	1,131,107	553,804
Right-of-use assets	13	671,622	657,160
Deferred tax assets	17	33,463	43,587
Investment in Subsidiaries	18	43,524	22,042
		<b>2,079,542</b>	<b>1,308,577</b>
<b>Current assets</b>			
Trade and other receivables	19	5,852,213	1,470,790
Cash and cash equivalents	20	7,898,874	3,949,188
		<b>13,751,087</b>	<b>5,419,978</b>
<b>Total assets</b>		<b>15,830,629</b>	<b>6,728,555</b>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Called up share capital	21	1	419,763
Capital redemption reserve		419,762	-
Retained earnings		9,208,688	4,331,445
		<b>9,628,451</b>	<b>4,751,208</b>
<b>Non-current liabilities</b>			
Lease liabilities	13	639,190	312,937
Deferred tax	17	98,865	-
		<b>738,055</b>	<b>312,937</b>
<b>Current liabilities</b>			
Trade and other payables	23	3,743,168	1,317,316
Current tax liability	10	1,610,231	2,871
Lease liabilities	13	110,724	344,223
		<b>5,464,123</b>	<b>1,664,410</b>
<b>Total equity and liabilities</b>		<b>15,830,629</b>	<b>6,728,555</b>

The financial statements were approved by the Board of Directors and authorised for issue on \_\_\_\_\_ and were signed on its behalf by:

DocuSigned by:  
  
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A M De Negri - Director

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Consolidated Statement of Changes in Equity

Figures in £	Share capital	Other Reserves	Retained earnings	Total
<b>Balance at 1 February 2020</b>	419,763	20,908	1,350,303	1,790,974
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	3,041,932	3,041,932
Total other comprehensive income	-	(81,477)	-	(81,477)
<b>Total comprehensive income for the year</b>	-	(81,477)	3,041,932	2,960,455
<b>Balance at 31 January 2021</b>	<b>419,763</b>	<b>(60,569)</b>	<b>4,392,235</b>	<b>4,751,429</b>
<b>Balance at 1 February 2021</b>	419,763	(60,569)	4,392,235	4,751,429
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	5,495,334	5,495,334
Total other comprehensive income	-	213,206	-	213,206
<b>Total comprehensive income for the year</b>	-	213,206	5,495,334	5,708,540
Capital redemption reserve	-	-	(419,762)	(419,762)
Retained income - Adjustment during year	-	-	(419,334)	(419,334)
Issue of share capital	(419,762)	-	419,762	-
<b>Balance at 31 January 2022</b>	<b>1</b>	<b>152,637</b>	<b>9,468,234</b>	<b>9,620,872</b>

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Financial Statements for the year ended 31 January 2022

## Company Statement of Changes in Equity

Figures in £	Share capital	Retained earnings	Total
<b>Balance at 1 February 2020</b>	419,763	1,350,300	1,770,063
<b>Total comprehensive income for the year</b>			
Profit for the year	-	2,981,145	2,981,145
<b>Total comprehensive income for the year</b>	-	2,981,145	2,981,145
<b>Balance at 31 January 2021</b>	<b>419,763</b>	<b>4,331,445</b>	<b>4,751,208</b>
<b>Balance at 1 February 2021</b>	419,763	4,331,445	4,751,208
<b>Total comprehensive income for the year</b>			
Profit for the year	-	5,716,118	5,716,118
<b>Total comprehensive income for the year</b>	-	5,716,118	5,716,118
Capital redemption reserve	-	(419,762)	(419,762)
Retained income - Adjustment during year		(419,113)	(419,113)
Issue of share capital	(419,762)	419,762	-
<b>Balance at 31 January 2022</b>	<b>1</b>	<b>9,628,450</b>	<b>9,628,451</b>

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Consolidated Statement of Cash Flows

Figures in £	Notes	31 January 2022	31 January 2021
<b>Cash flows used in operating activities</b>			
Profit for the year		5,495,334	3,041,932
<i>Adjustments for:</i>			
Finance costs	9	296,238	107,425
Income tax	10	1,716,349	(29,734)
Amortisation of intangible assets		116,826	53,734
Depreciation of property, plant, and equipment		27,381	6,877
Finance income		(445)	(2,456)
Net gain on financial assets and financial liabilities at FVTPL		(15,935,915)	(7,589,206)
Net loss on financial liabilities at amortised cost		1,209,177	624,397
Net gain on financial assets at amortised cost		(1,520,065)	(206,558)
Effects of foreign exchange rate changes		(405,723)	(1,285)
<b>Operating cash flow before working capital changes</b>		<b>(9,000,843)</b>	<b>(3,994,873)</b>
<i>Working capital changes</i>			
(Increase) in trade and other receivables		(59,031,367)	(1,069,692)
Increase / (Decrease) in trade and other payables		9,579,555	(6,651,434)
Finance income		445	2,456
Finance costs		(296,238)	(107,425)
Interest profit on financial assets at FVTPL		221,351	(174,241)
Interest profit / (loss) on financial assets at amortised cost		1,534,988	1,139,122
Interest (loss) on certificates issued at FVTPL		(11,081,288)	(405,484)
Interest (loss) on certificates issued at amortised cost		(1,129,135)	(513,474)
Tax paid		(108,989)	-
<b>Net cash flows used in operating activities</b>		<b>(69,311,521)</b>	<b>(11,775,045)</b>
<b>Cash flows used in investing activities</b>			
Property, plant, and equipment acquired	11	(195,223)	(19,293)
Internally generated intangible assets	12	(694,129)	(514,381)
Net purchase of financial assets at FVTPL	15	(20,472,182)	(3,947,827)
Net purchase of debt instruments at amortised cost	14	(5,802,948)	(11,252,716)
(Purchase) / Disposal of marketable securities held short at FVTPL		(652,422)	(1,449,751)
Net purchase of derivative financial instruments	16	22,037,913	(273,256)
<b>Net cash flows used in investing activities</b>		<b>(5,778,991)</b>	<b>(17,457,224)</b>
<b>Cash flows from financing activities</b>			
Capital repurchased		(834,724)	-
Current year adjustments to retained income		(4,150)	-
Issued certificates FVTPL	22	127,960,927	45,220,156
Redemption of certificates FVTPL	22	(42,824,346)	(21,996,218)
Issue of certificates at amortised cost	22	17,932,390	12,273,059
Redemption of certificates at amortised cost	22	(10,762,854)	(951,790)
Increase in right-of-use assets	13	(14,462)	(657,160)
Increase in lease liabilities	13	92,754	657,160
Shareholders' loans paid		1,817	-
<b>Net cash flows from financing activities</b>		<b>91,547,352</b>	<b>34,545,207</b>

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Consolidated Statement of Cash Flows

Figures in £	Notes	31 January 2022	31 January 2021
Net increase in cash and cash equivalents		16,456,840	5,312,938
Opening cash and cash equivalents translation value		(1,405,518)	892,040
Cash and cash equivalents at beginning of the year		25,095,399	18,890,421
<b>Cash and cash equivalents at end of the year</b>	20	<b>40,146,721</b>	<b>25,095,399</b>

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Financial Statements for the year ended 31 January 2022

## Statement of Cash Flows

Figures in £	Notes	31 January 2022	31 January 2021
<b>Cash flows from operating activities</b>			
Profit for the year		5,716,118	2,981,145
<i>Adjustments for:</i>			
Finance costs	9	90	1,391
Income tax	10	1,716,349	(29,734)
Amortisation of intangible assets		116,826	53,734
Depreciation of property, plant and equipment		27,379	6,876
Finance income		(445)	(2,456)
Loss on disposal of subsidiaries and associates		-	263,178
<b>Operating cash flow before working capital changes</b>		<u>7,576,317</u>	<u>3,274,134</u>
<i>Working capital changes</i>			
Increase in trade and other receivables		(4,119,788)	(857,280)
Increase / (decrease) in trade and other payables		<u>2,425,852</u>	<u>(117,223)</u>
<b>Net cash flows from operations</b>		<u>5,882,381</u>	<u>2,299,632</u>
Finance income	-	445	2,456
Finance costs	9	(90)	(1,391)
<b>Net cash flows from operating activities</b>		<u><b>5,882,736</b></u>	<u><b>2,300,697</b></u>
<b>Cash flows used in investing activities</b>			
Property, plant and equipment acquired	11	(195,223)	(19,293)
Intangible assets acquired	12	(694,129)	(514,380)
Investment acquired		(21,482)	(201)
<b>Net cash flows used in investing activities</b>		<u><b>(910,834)</b></u>	<u><b>(533,873)</b></u>
<b>Cash flows (used in) / from financing activities</b>			
Capital repurchased		(834,724)	-
Loans raised		(263,451)	-
Current year adjustments to retained income		(4,150)	-
Increase in right-of-use assets		(14,462)	(657,160)
Decrease in lease liabilities		92,754	657,160
Shareholder's loan raised		1,817	-
<b>Net cash flows (used in) / from financing activities</b>		<u><b>(1,022,216)</b></u>	<u><b>1</b></u>
Net increase in cash and cash equivalents		3,949,686	1,766,825
Cash and cash equivalents at beginning of the year		3,949,188	2,182,363
<b>Cash and cash equivalents at end of the year</b>	20	<u><b>7,898,874</b></u>	<u><b>3,949,188</b></u>



# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Notes to the Consolidated and Separate Annual Financial Statements

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### 1. General information

Cirdan Group S.p.A is the ultimate parent of the Group, which consists of Cirdan Capital Management Ltd and the 100% subsidiaries; SmartETN PLC and SmartCrypto ETP GmbH. Cirdan Capital Management Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

SmartETN PLC is a special purpose company with limited liability and qualifies for the regime contained in the section 110 of the Irish Taxes Consolidation Act. The registration number is 615140 and a registered address of 31-32 Leeson Street Lower, Dublin 2, Ireland.

SmartCrypto ETP GmbH is a private company, limited by shares, registered in Germany. The registration number is HRB 123295, with registered address Alfred-Herrhausen-Allee 3-5, 65760, Eschborn.

The investment objective of the Group is two-fold; firstly it is to maintain the investment portfolio in such a way as to hedge the exposure of the Group to the future returns promised on certain certificates issued to the minimum extent required. Secondly, the Group maintains proprietary trading positions to maximise returns for the Group and to hedge exposure of certain certificates. The objective of the proprietary investment portfolio is to achieve consistent, short to medium term returns while safeguarding capital by investing in a diversified portfolio of equities securities, interest bearing securities, money market funds and related derivatives in several currencies and markets.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements as set out in the Companies Act 2006.

The consolidated financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound sterling.

The consolidated financial statements are prepared on an historical cost basis, except for certain financial assets and liabilities which are measured at fair value.

#### 2.2 Basis of consolidation

The Group's financial statements consolidate those of the parent Company and its subsidiary, as at 31 January 2022. The Group has a reporting date of 31 January 2022. Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

#### 2.3 Going concern

The Group's financial statements for the financial year ended 31 January 2022 have been prepared on a going concern basis.

The directors anticipate that the financial assets will continue to generate enough cash flow on an ongoing basis to meet the Group's liabilities as they fall due. The Group's exposure to liabilities from its certificates issuance is hedged by entering into equal and opposite asset exposure, which will protect the Group against any capital and market risk, as per Note 26 of these financial statements.

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Notes to the Consolidated and Separate Annual Financial Statements

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### *Summary of significant accounting policies continued...*

The Directors review financial projections for the Group and Company for the next twelve months and beyond. In addition, the Group is required to maintain adequate resources to continue operating and to continue to meet the Financial Conduct Authority capital resources requirements.

#### **2.4 Revenue recognition**

Revenue is derived from the business activities of financial services, with the focus on three core business lines: Distribution of externally designed structured products, issuance of internally designed and developed structured products and arranging securitised asset structures.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is measured at the fair value of the consideration received.

#### **2.5 Fee expense**

Fee expenses are negotiated for each series individually. The fees are comprised of the following:

##### Management Fees

Management fees are calculated using a fixed percentage based on the level of investment asset held in a certificate, charged on Actively Management Certificates (AMC's) and paid to the Index Advisor.

##### Performance Fees

Performance fees are calculated using a fixed percentage based on the performance of an investment asset held in a certificate, compared to a set watermark, charged on Actively Management Certificates (AMC's).

##### Structuring Fees

Structuring fees are calculated using either a fixed percentage of funds received on a certificate or an agreed amount of fees related to the issuance of a certificate. These would be charged on all structured products, excluding Actively Management Certificates (AMC's).

##### Issuance expenses

Expenses related to maintenance and servicing of certificate issuance and asset securitisation.

#### **2.6 Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future.

#### **2.7 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Notes to the Consolidated and Separate Annual Financial Statements

### *Summary of significant accounting policies continued...*

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-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 and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'administrative expenses'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Net gain / (loss) on financial assets and liabilities at fair value through profit or loss'.

### **2.8 Property, plant, and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been significant change from the previous estimates.

Fixtures and Fittings	25.00%	Reducing balance
Computer equipment	25.00%	Reducing balance
Leasehold improvements	20.00%	Straight line

### **2.9 Intangible assets**

The capitalisation of expenses to the software intangible assets are accounted for on an annual basis, at cost. The policy to determine the eligibility of capitalisation is as per IAS 38, whereby the Group performs a detailed review to determine the inclusion of the development cost incurred during the financial year under review. The costs are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefit (reduce overheads and direct costs)
- adequate technical, financial and other resources to complete the development and to use the software are available
- the expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Research expenditure and development costs that do not meet the criteria set out above, are recognised as an expense incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Separately generated software is shown at cost. Software intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software intangible assets over their estimated useful lives, as follows:

Software	10.00%	Straight line
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Amortisation expense is recognised with administrative expense in the statement of comprehensive income. The full disclosure can be found on Note 11 of the financial statements.

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Notes to the Consolidated and Separate Annual Financial Statements

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### *Summary of significant accounting policies continued...*

#### **2.10 Interest income on financial assets**

Interest income on financial assets are accrued as earned and recognised in "net gain on financial assets and liabilities at fair value through profit or loss" on the Statement of Comprehensive Income.

#### **2.11 Interest expense on Certificates**

The Group recognises the interest expense on an accrual basis, as they become due. Certain certificates may have conditional performance criteria and the interest would only become payable if and when an underlying criteria is met. For certificates that have a fixed rate interest expense, the expense is accrued accordingly.

Interest expense on certificates at fair value through profit or loss are recognised in "net gain on financial assets and liabilities at fair value through profit or loss" on the Statement of Comprehensive Income.

Interest expense on certificates at amortised cost are recognised in "Interest expense on certificates at amortised cost" on the Statement of Comprehensive Income.

#### **2.12 Trade and other receivables**

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 January 2022 and the historical credit losses experienced within this period.

#### **2.13 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown under current liabilities on the statement of financial position.

#### **2.14 Unsettled trades**

Unsettled trades include amounts payable for securities purchased and receivables for securities sold that have been contracted for but not yet delivered on the reporting date. They are initially measured at fair value plus any directly attributable incremental costs and subsequently measured at amortised cost.

#### **2.15 Pension obligations**

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

#### **2.16 Trade payables**

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost.

#### **2.17 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the Directors. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised and in any future period affected.

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### *Summary of significant accounting policies continued...*

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### **Assessment on expenses allocated to the intangible asset**

In the process of accounting for the value of staff costs, software costs and auxiliary expenses directly attributable to the software intangible assets, management have made certain judgements with regards to allocations between expenses and intangible assets. The consideration required the review of every applicable expense and determining the accounting recognition. Management have determined that the allocation provides a true and fair reflection of the time spent and resources utilised in the development phase of the software intangible assets.

#### **The Group's leasing activities**

The Group leases an office for the full duration of 60 months (starting September 2021). The Group has considered the composition of the contract, and has deemed this to be a lease. Lease terms are negotiated, and do not place any covenants on the Group. The lease is initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable

The lease payments are discounted using the an incremental borrowing rate, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### **Key sources of estimation uncertainty**

The key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **Debt instruments at amortised cost**

Debt instruments at amortised cost are investments that are held solely to collect payments, SPPI. In accordance with IFRS 9, the Group applies the expected credit loss methodology to calculate and recognise an impairment provision for debt instruments measured at amortised cost, if any. These transactions consist of investments undertaken by the Group as 'Debt instruments at amortised cost'. The expected credit loss (ECL) is reviewed by applying the expected credit loss methodology.

#### **Financial instruments at fair value**

The Group holds financial instruments that are not quoted in active markets, such as the over-the-counter derivatives and debt instruments. Fair values of such instruments are determined by using reputable pricing sources or indicative prices from bond / debt market makers or internal valuation techniques. The Group exercises judgement and estimates on the quantity and quality of the pricing sources used. Further information on these instruments are set out in Note 26 Price Risk and the fair value measurement accounting policy below.

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### *Summary of significant accounting policies continued...*

The fair value of certain certificates issued by the Group are directly linked to the change in the fair value of the respective underlying reference items as specified in the terms and conditions of each relevant certificate contract. Therefore, the fair value of such certificates are measured by the movement of the fair value of the underlying reference item between the issuance date and at the balance sheet date. The fair value of the underlying reference item is based on quoted market prices observable in an active market or provided by the recognised counterparties to the transactions. Note 15 and Note 16 contain further reference and detail to the fair value adjustments related to financial assets and derivatives held by the Group. Note 22 contains further reference and detail to the fair value adjustments related to the issuance of certificates.

### **Provision**

The Group recognises a provision if, as a result of a past event, the Group has a current liability at the balance sheet date that will probably lead to an outflow of funds (which can include legal and professional fees, staff costs, general & administrative expenses or fee expenses), at the level of which can be reliably estimated. The recognition and release of provisions are dealt with as and when the expense becomes realised. If the possibility of an outflow of resources is remote, neither a provision nor a contingent liability is reported.

### **Taxes**

The Group has made certain estimates and assumptions with regards to the corporation tax provision disclosed, due to the R&D for SME claim. The assumptions are made with a view at presenting a true and fair reflection of the expected tax return, which is only due after the completion and presentation of the financial statements. The R&D for SME tax incentive is completed by KPMG UK, after conclusion of the financial reporting period ending 31 January 2022.

Included in the tax reconciliation is a deferred tax asset. The deferred tax asset as at financial year end, 31 January 2022 consists of the Annual Investment Allowance (AIA) on fixed assets. As at financial year end, 31 January 2021 the balance consisted of the Annual Investment Allowance (AIA) and prior period assessed losses brought forward.

## **2.18 Financial instruments**

The financial instruments held by the Group include the following:

- |   |   |
|---|---|
| - Cash and cash equivalents                       | - Certificates issued at FVTPL and amortised cost |
| - Debt investments at amortised cost and at FVTPL | - Trade and other payables                        |
| - Long / short equity investments                 | - Trade and other receivables                     |
| - Derivative financial instruments                | - Unsettled trades                                |

### **Classification of financial assets**

The Group classifies its financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or measured at fair value through profit or loss on the basis of both:

- The Group's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

### **Financial assets measured at amortised cost**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group includes in this category debt investments at amortised cost.

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### *Summary of significant accounting policies continued...*

#### **Financial assets measured at fair value through profit or loss (FVTPL)**

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding

OR

- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell

OR

- At initial recognition, it is irrevocably designated as measured At FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

#### **Financial assets measured at fair value through other comprehensive income (FVOCI)**

There is no effect on OCI as the Group has no assets classified as FVOCI.

#### **Classification of financial liabilities**

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Group holds certain certificates at amortised cost, and recognises all trade and other payables at cost.

#### **Financial liabilities measured at fair value through profit or loss (FVTPL)**

A financial liability is measured at FVTPL if it meets the definition of held for trading or if the Group designated the recognition on the basis that any other recognition would cause a mismatch with the hedging assets held.

The Group includes in this category, certain certificates issued and derivative financial instruments.

#### **Derivative financial instruments**

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets or from the recognised counterparties to the transaction. Derivatives are included as assets when their fair value is positive and liabilities when their fair value is negative, unless there is a legal ability and intention to settle net. Gains and losses arising from changes in the fair value of derivatives are included in the statement of comprehensive income in the financial period in which they arise. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modifications or repackaging) or based on a valuation technique whose variables include only data from observable markets.

#### **Recognition and initial measurement**

The Group initially recognise the financial assets and financial liabilities at FVTPL in the statement of financial position at fair value when it becomes a party to the contractual provisions of the instrument. All transactions cost for such instruments are recognised directly in profit or loss.

Financial assets and financial liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

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### ***Summary of significant accounting policies continued...***

In accordance with IFRS 9, the Group classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term

OR

- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking

OR

- It is a derivative

### **Subsequent measurement of financial instruments**

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in profit or loss. Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method, with the gains or losses recognised in the profit or loss when the debt instruments are derecognised or impaired, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

An exception is made for trade receivables without a significant financing component. These are recognised at the transaction price, per IFRS 15. For trade receivables with a significant financing component, any differences arising between the amount of revenue recognised in accordance with IFRS 15, and the fair value of the trade receivable is recognised as an expense in profit or loss.

### **Impairment**

At each reporting date the Group assesses whether there is a significant increase in credit risk over the remaining life of financial assets in comparison with the credit risk on initial recognition. The Group recognises expected credit losses (ECL) on financial instruments that are not measured at FVTPL.

IFRS 9 establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. Three-stages determine the amount of impairment to be recognised as expected credit losses at each reporting date as well as the amount of interest revenue to be recorded in future periods:

- Stage 1: Credit risk has not increased significantly since initial recognition - recognise 12 months ECL, and recognise interest on a gross basis;
- Stage 2: Credit risk has increased significantly since initial recognition - recognise lifetime ECL, and recognise interest on a gross basis;
- Stage 3: Financial asset is credit impaired - recognise lifetime ECL, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

In making this assessment the Group considers a broader range of forward-looking information. Consideration includes past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. The outcome is to determine whether there has been a significant increase in the credit risk (SICR), which may lead to an impairment.



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### ***Summary of significant accounting policies continued...***

The Group makes use of a simplified approach in accounting for trade and other receivables or contract assets without a significant financing component and records the loss allowance as lifetime expected credit losses.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. This includes both credit loss and non-credit loss scenarios.

The Group has defined an amount to be in default, if the amount has not been received within 120 days after it is due.

### **Recognition of net gain / (loss) on financial assets and liabilities at FVTPL**

The net gain / (loss) on financial assets at fair value through profit and loss is recognised in the statement of comprehensive income and is comprised of interest income, dividend income, net realised gain / losses on disposals of such instruments and net unrealised gains / losses due to fair value movements during the year.

### **Recognition of net gain / (loss) on financial assets at amortised cost**

The net gain / loss on financial assets at amortised cost is recognised in the statement of comprehensive income and is comprised of interest income, net realised gain / losses on disposals of such financial instruments, foreign exchange movements and any impairment provisions / losses (if applicable).

### **Recognition of net gain / (loss) on financial liabilities at amortised cost**

The net gain / loss on certificates issued at amortised cost is recognised in the statement of comprehensive income and is comprised of interest expense, net realised gain/losses on disposals of such financial instruments foreign exchange movements.

### **Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Derecognition**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled, expires or when a substantial modification of the terms occur.

### **Fair value measurement**

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principle or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

As per IFRS 13 when available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at current bid price.

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### *Summary of significant accounting policies continued...*

If there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction and including the market approach: using arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same as the income approach: discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

The Group measures fair values using the following hierarchy:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The fair value of certain certificates issued by the Group is directly linked to the change in the fair value of the respective underlying reference items as specified in the terms and conditions of each relevant certificate contract. Therefore, the fair value of such certificates are measured by the movement of the fair value of the underlying reference item between the issuance date and at the balance sheet date. The fair value of the underlying reference item is based on quoted market prices observable in an active market or provided by the recognised counterparties to the transactions.

The fair value of certain certificates issued by the Group are not directly linked to the change in the fair value of the respective underlying reference item as specified in the terms and conditions of each relevant certificate contract. Therefore, the fair value of such certificates is valued by internal valuation techniques.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### **Margin cash collateral**

The Group is required to place collateral with the derivatives' broker and the derivative counterparties covering the open derivative positions. The size of the collateral is derived based on the difference between initial and the subsequent fair value of each derivative financial instrument. The amount recognised as margin cash collateral is treated as a trade and other receivable. The amount disclosed is always the net cash collateral as per the agreed margin position per asset.

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## Notes to the Consolidated and Separate Annual Financial Statements

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### *Summary of significant accounting policies continued...*

#### **New and amended standards and interpretations**

The Group have set out below endorsed accounting standards, amendments and interpretations

(i) Standards and amendments to existing standards effective 01 January 2021

<b>Description</b>	<b>Effective Date</b>
- Amendment by Covid-19 related rent concessions (Amendment to IFRS 16)	1 June 2021
- Interest rate benchmark reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
- Amendments to IFRS 4 Insurance Contracts	1 January 2021

(ii) New standards, amendments and interpretations effective after 1 January 2021 and have not been early adopted

<b>Description</b>	<b>Effective Date</b>
- Amendment by Covid-19 related rent concessions (Amendment to IFRS 16)	1 April 2021
- Amendments to IFRS 3 Business Combinations	1 January 2022
- IFRS 17: Insurance contracts	1 January 2023
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	1 January 2023
- IAS 1 Presentation of Financial Statements: Amendments regarding the classification of liabilities	1 January 2023
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
- Amendments to IAS 12 Income taxes: Deferred tax related to Assets and Liabilities arising from a single transaction	1 January 2023
- Amendments to IFRS 17 Insurance contracts: Initial application of IFRS 17 and IFRS 9 - Comparative Information	1 January 2023

None of the above standards, amendments and interpretations had a significant impact on the Group's financial statements.

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Figures in £

### 3. Fee income

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£
Asset securitisation services	4,729,728	3,513,920
Distribution and administration services	2,612,625	2,994,668
Structured product issuance	485,675	446,060
	<u>7,828,028</u>	<u>6,954,648</u>

#### Cirdan Capital Management Ltd - Company

	2022	2021
	£	£
Structured product issuance	12,122,853	6,196,461
Asset securitisation services	4,729,728	3,514,876
Proprietary trading	3,795,729	1,125,647
Distribution and administration services	2,657,601	3,003,875
	<u>23,305,911</u>	<u>13,840,859</u>

### 4. Net gain on financial assets and liabilities at FVTPL

#### Cirdan Capital Management Ltd - Consolidated

An analysis of the net gain on financial assets FVTPL is as follows:

	2022	2021
	£	£
Net (loss) / gain on derivative investments	(6,283,746)	481,098
Net gain on certificates at FVTPL	21,491,992	7,586,826
Net gain on financial assets at FVTPL	1,380,090	455,494
Net (loss) on financial liabilities at FVTPL	(652,421)	(934,212)
	<u>15,935,915</u>	<u>7,589,206</u>

### 5. Net (loss) on financial liabilities at amortised cost

#### Cirdan Capital Management Ltd - Consolidated

An analysis of the net gain on financial liabilities FVTPL is as follows:

	2022	2021
	£	£
Interest expense on certificates issued at amortised cost	(847,414)	(519,491)
Interest expense on cash and cash equivalents	(296,147)	(106,035)
Net (loss) / gain on redemption of certificates at amortised cost	(60,175)	4,444
Net unrealised (loss) on foreign exchange	(5,441)	(3,315)
	<u>(1,209,177)</u>	<u>(624,397)</u>

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Figures in £

### 6. Net gain / (loss) on financial assets at amortised cost

#### Cirdan Capital Management Ltd - Consolidated

An analysis of the net gain on financial liabilities FVTPL is as follows:

	2022	2021
	£	£
Interest income on financial assets at amortised cost	1,502,698	1,139,122
Interest income on cash and cash equivalents	35,290	-
Net realised (loss) / gain on debt instruments at amortised cost	(318,168)	158,806
Net unrealised gain / (loss) on foreign exchange	300,245	(1,091,370)
	<u>1,520,065</u>	<u>206,558</u>

### 7. Fee expense

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£
Structured product distributors	6,173,746	1,776,204
3rd party structured product distributors	1,746,952	3,083,847
Asset securitisation distributors	1,367,522	1,340,559
Issuance cost	568,445	825,137
Trading expenses	23,761	175,448
	<u>9,880,426</u>	<u>7,201,195</u>

#### Cirdan Capital Management Ltd - Company

	2022	2021
	£	£
Structured product distributors	6,173,746	1,776,204
3rd party structured product distributors	1,746,953	3,083,847
Asset securitisation distributors	1,367,522	1,340,559
Issuance cost	568,445	825,137
	<u>9,856,666</u>	<u>7,025,747</u>

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Figures in £

### 8. Administrative expenses

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£
Staff costs	3,460,869	1,800,081
General & administrative expenses	1,595,174	856,352
Legal & professional fees	1,084,768	840,191
Depreciation	271,150	35,449
Amortisation of intangible assets	116,826	53,734
Advertising & marketing	122,461	176,906
Other operating expenses	35,681	44,983
	<u>6,686,929</u>	<u>3,807,696</u>

#### Cirdan Capital Management Ltd - Company

	2022	2021
	£	£
Staff costs	3,460,868	1,800,081
Legal & professional fees	1,084,768	837,314
General & administrative expenses	888,247	642,500
Depreciation	271,150	35,449
Amortisation of intangible assets	116,826	53,734
Advertising & marketing	122,461	176,907
Other operating expenses	70,964	318,781
	<u>6,015,284</u>	<u>3,864,766</u>

### 9. Finance costs

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£
Interest expense on cash and cash equivalents	<u>296,238</u>	<u>107,425</u>

#### Cirdan Capital Management Ltd - Company

	2022	2021
	£	£
Interest expense on cash and cash equivalents	<u>90</u>	<u>1,391</u>

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Figures in £

### 10. Income tax

#### Cirdan Capital Management Ltd - Company

	2022	2021
	£	£
Current tax	1,174,870	13,853
Underprovision in prior year	432,490	-
Deferred tax		
Current year temporary differences	108,989	(43,587)
Income tax for the year	1,716,349	(29,734)
Reconciliation of tax rate	2022	2021
	£	£
Consolidation profit before tax	7,432,466	3,012,198
United Kingdom normal tax rate	19.00%	
	1,412,169	572,318
<i>Adjusted for:</i>		
Capital allowance	(37,092)	(3,666)
Deferred tax liability - timing difference	108,989	(43,587)
Depreciation & Amortisation	30,082	10,660
Directors loan	-	5,167
Disallowed expenses	40,072	(568)
Intangible asset expensed	(80,924)	(93,531)
Research and development tax credits	(189,437)	(476,527)
Under provision in prior year	432,490	-
Net reduction	1,716,349	(29,734)
Effective tax	1,716,349	(29,734)

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Figures in £

### 11. Property, plant, and equipment

#### Cirdan Capital Management Ltd - Consolidated and Company

	31 January 2022			31 January 2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Fixtures and fittings	74,050	(12,212)	<b>61,838</b>	6,947	(2,340)	<b>4,607</b>
Computer equipment	77,859	(27,676)	<b>50,183</b>	45,389	(18,012)	<b>27,377</b>
	<b>151,909</b>	<b>(39,888)</b>	<b>112,021</b>	<b>52,336</b>	<b>(20,352)</b>	<b>31,984</b>

	31 January 2022			31 January 2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<i>Leasehold Improvements</i>						
Leasehold Improvements	95,650	(7,845)	<b>87,805</b>	-	-	-
	<b>95,650</b>	<b>(7,845)</b>	<b>87,805</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>247,559</b>	<b>(47,733)</b>	<b>199,826</b>	<b>52,336</b>	<b>(20,352)</b>	<b>31,984</b>

The carrying amounts of property, plant, and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 January 2022 Carrying value at end of year
<i>Owned assets</i>					
Fixtures and fittings	4,607	67,103	-	(9,872)	<b>61,838</b>
Computer equipment	27,377	32,470	-	(9,664)	<b>50,183</b>
	<b>31,984</b>	<b>99,573</b>	<b>-</b>	<b>(19,536)</b>	<b>112,021</b>

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 January 2021 Carrying value at end of year
<i>Owned assets</i>					
Fixtures and fittings	5,695	444	-	(1,532)	<b>4,607</b>
Computer equipment	13,872	18,849	-	(5,344)	<b>27,377</b>
	<b>19,567</b>	<b>19,293</b>	<b>-</b>	<b>(6,876)</b>	<b>31,984</b>



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### Property, plant, and equipment continued...

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 January 2022 Carrying value at end of year
<i>Leasehold Improvements</i>					
Leasehold Improvements	-	95,650	-	(7,845)	87,805
	-	95,650	-	(7,845)	87,805

## 12. Intangible assets

### Cirdan Capital Management Ltd - Consolidated and Company

	Cost	Accumulated amortisation	31 January 2022 Carrying value	Cost	Accumulated amortisation	31 January 2021 Carrying value
Software	1,309,467	(178,360)	1,131,107	615,338	(61,534)	553,804

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Amortisation	31 January 2022 Carrying value at end of year
Software	553,804	694,129	(116,826)	1,131,107

	Carrying value at beginning of year	Additions	Amortisation	31 January 2021 Carrying value at end of year
Software	93,157	514,381	(53,734)	553,804

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### 13. Right-of-use asset

#### Cirdan Capital Management Ltd - Consolidated and Company

At the reporting end date, the Group had a right-of-use asset and outstanding commitments for future minimum lease payments, with applicable break clauses related to the registered office, which fall due as follows:

	Cost	Accumulated depreciation	31 January 2022 Carrying value	Cost	Accumulated depreciation	31 January 2021 Carrying value
Rental property	943,965	(272,343)	<b>671,622</b>	656,160	-	<b>656,160</b>
	943,965	(272,343)	<b>671,622</b>	656,160	-	<b>656,160</b>

The carrying amounts of right of use assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 January 2022 Carrying value at end of year
Rental property - 27 Baker street	656,160	-	(451,162)	(204,998)	-
Rental property - 54 Baker street	-	738,967	-	(67,345)	<b>671,622</b>
	656,160	738,967	(451,162)	(272,343)	<b>671,622</b>

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 January 2021 Carrying value at end of year
Rental property - 27 Baker street	-	656,160	-	-	<b>656,160</b>
	-	656,160	-	-	<b>656,160</b>

#### Operating Lease commitment consists of the following balances

Within one year	110,724	344,223
Between two and five years	639,190	312,937
	<b>749,914</b>	<b>657,160</b>

#### Amounts recognised in the statement of comprehensive income

Depreciation charge of Right-of-use assets: Building	272,343	-
Interest expense (included in finance cost)	14,456	-
	<b>286,799</b>	<b>-</b>

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### *Right-of-use asset continued...*

The Group leases an office with a rental contract for a fixed period of 60 months. The assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments. Lease payments are discounted using a suitable interest rate, based on available borrowing rates if the Group were to obtain an asset of similar value to the right-of-use asset.

### 14. Debt instruments at amortised cost

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£
At 1 February	21,286,373	10,302,192
Additions	19,484,980	17,305,166
Maturities / Redemption	(13,999,761)	(5,893,644)
Exchange differences	(568,032)	(427,341)
At 31 January 2022	26,203,560	21,286,373

The investments as at year end date represent proprietary trade positions held by the Group and include 4 investments (2021: 3). Included in these investments are notes issued by Aldburg S.A., 2 (2021: 3), to which Cirdan Capital Management Ltd is the arranger.

### 15. Financial assets at FVTPL

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£
At 1 February	15,059,635	10,727,462
Additions	202,052,093	23,222,531
Disposals	(186,579,770)	(19,321,199)
Reclass to MMF	-	(726)
Net realised (loss) / gain on disposal	(1,834,899)	239,572
Net unrealised gain / (loss) on fair value of financial assets at FVTPL	1,536,108	1,131,331
Net realised foreign exchange gain / (loss)	1,456,731	(939,336)
Translation reserve	(848,686)	-
	30,841,212	15,059,635
Investments held as hedging positions related to certificates issued	4,877,703	1,348,143
Investments held as proprietary trading investments	25,963,509	13,711,492
	30,841,212	15,059,635

The portfolio of financial assets include but are not limited to common stocks, equity stock indices, mutual funds stocks, debt instruments, stock warrants and equity in a private limited company.

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### 16. Derivative financial instruments

#### Cirdan Capital Management Ltd - Consolidated

2022

2021

£

£

#### Derivative financial instruments - Non - Current Assets

##### Security

##### Counterparty

Equity and index options	Interactive Brokers Ltd	971,820	57,245
Options on futures	Interactive Brokers Ltd	-	9,104
Futures	Interactive Brokers Ltd	5,001,143	1,296,180
Futures	Goldman Sachs International	-	56,587
CFDs	Goldman Sachs International	727,371	86,880
Equity linked swaps	Goldman Sachs International	1,949,232	126,234
Warrants	Goldman Sachs International	4,377	115,269
Credit default Index	Goldman Sachs International	7,350,326	2,843,023
Forwards	Goldman Sachs International	-	68,657
Synthetics	Goldman Sachs International	-	8,023
Credit derivatives	J.P. Morgan PLC	39,538	1,619,515
Equity and index options	J.P. Morgan PLC	1,533,414	492,986
Equity SWAP	J.P. Morgan PLC	45,699	1,603
Interest rate Options	J.P. Morgan PLC	-	125,613
Interest rate SWAP	J.P. Morgan PLC	-	93,086
		<u>17,622,920</u>	<u>7,000,005</u>

#### Derivative financial instruments - Non - Current Liabilities

##### Security

##### Counterparty

Equity and index options	Interactive Brokers Ltd	888,691	257,468
Options on futures	Interactive Brokers Ltd	-	32,480
Futures	Interactive Brokers Ltd	-	857,477
Commodities	Interactive Brokers Ltd	739,981	-
Futures	Goldman Sachs International	-	2,311,270
CFDs	Goldman Sachs International	50,016	313,535
Equity linked swaps	Goldman Sachs International	37,460,935	904,431
Warrants	Goldman Sachs International	122,943	121,604
Forwards	Goldman Sachs International	6,095	-
Credit default Index	Goldman Sachs International	-	15,190
Synthetics	Goldman Sachs International	2,755,583	-
Credit derivatives	J.P. Morgan PLC	-	199,014
Equity and index options	J.P. Morgan PLC	1,142,259	633,096
Equity SWAP	J.P. Morgan PLC	79,229	236,167
Interest rate Options	J.P. Morgan PLC	3,771	-
		<u>43,249,503</u>	<u>5,881,732</u>

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### Derivative financial instruments continued...

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£

#### Derivative financial instruments - Current Assets

Security	Counterparty		
CFDs	Goldman Sachs International	131,720	-
		<u>131,720</u>	<u>-</u>

#### Derivative financial instruments - Current Liabilities

Security	Counterparty		
CFDs	Goldman Sachs International	6,627	6,356
Equity linked swaps	Goldman Sachs International	2,074,310	183,771
Equity and index options	J.P. Morgan PLC	108,903	-
		<u>2,189,840</u>	<u>190,127</u>

The Group acquires derivative assets and liabilities as part of its principal activity. Certain financial instruments are held to offset the required return of the certificates issued by way of hedging, whilst certain financial instruments are held as part of the proprietary trading portfolio to generate returns for certain certificates and excess return for the Group.

## 17. Deferred Taxes

#### Cirdan Capital Management Ltd - Company

	2022	2021
	£	£
Deferred tax arises from the following temporary differences:		
Deferred tax asset:		
Capital allowance on fixed assets	33,463	2,359
Assessed corporation tax loss forward	-	125,406
	<u>33,463</u>	<u>127,765</u>
Deferred tax liabilities:		
Intangible assets timing difference	<u>98,865</u>	<u>(84,178)</u>

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### 18. Investment in Subsidiaries

The Company's investment at the Statement of Financial Position date in its subsidiaries are the following:

#### SmartETN PLC

	2022	2021
	£	£
Opening balance as at 01 February	22,042	22,042
New investments during the year	-	-
Total as at 31 January	22,042	22,042

The Company's investment cost in SmartETN PLC amounted to £22,042 as of 31 January 2022 and 2021. SmartETN PLC was incorporated and registered with Companies Registration Office (CRO), Ireland on 13 November 2017. The base prospectus is approved annually by the Central Bank of Ireland (CBI) to operate as an Issuance Vehicle. As a subsidiary of Cirdan Capital Management Ltd, its primary operations is to issue certificates. Its principal office is located at 31 - 32 Leeson Street Lower, Dublin 2, Ireland.

#### SmartCrypto ETP GmbH

	2022	2021
	£	£
Opening balance as at 01 February	-	-
New investments during the year	21,482	-
Total as at 31 January	21,482	-

The Company's investment cost in SmartCrypto ETP GmbH amounted to £21,482 as of 31 January 2022 (2021: £Nil). SmartCrypto ETP GmbH was incorporated and registered with District Court of Frankfurt on Main, on 19 April 2021. It has not been granted authority by any other authority and is currently in a dormant state. The primary operation will be the issue of certificates. Its principal office is located at Aldred-Herrhausen-Allee 3 - 5, 65760, Eschborn, Deutschland.

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### 19. Trade and other receivables

	2022	2021
	£	£
<b>Cirdan Capital Management Ltd - Consolidated</b>		
Cash collateral margin call	71,200,178	13,983,241
Unsettled trades receivable	7,070,411	377,359
Other debtors	4,557,381	164,578
Trade debtors	894,416	255,204
Prepayments	527,197	204,538
Accrued Income	275,543	-
Value added tax	202,304	139,785
Directors' loan	47,873	49,690
Amounts Receivable from Group Undertakings	34,535	-
Cash collateral receivable for derivatives futures	585	3,913,426
	<u>84,810,423</u>	<u>19,087,821</u>
<b>Cirdan Capital Management Ltd - Company</b>		
	£	£
Intercompany receivable	3,484,335	625,786
Trade debtors	894,417	286,413
Prepayments	527,197	204,538
Accrued Income	376,952	-
Other Debtors	265,122	-
Value Added Tax	202,304	139,785
Directors' loan	47,873	49,690
Intercompany Loan	37,113	-
Rental deposit receivable	16,900	164,578
	<u>5,852,213</u>	<u>1,470,790</u>

As at 31 January 2022, Cirdan Capital Management Ltd had receivables from the following two related parties:

Intercompany loan account		
SmartETN PLC	3,484,335	625,786
SmartCrypto ETP GmbH	2,578	-
Cirdan Group S.p.A	34,535	-
	<u>3,521,448</u>	<u>625,786</u>

### 20. Cash and cash equivalents

	2022	2021
	£	£
<b>Cirdan Capital Management Ltd - Consolidated</b>		
Cash held at bank	40,146,721	14,044,524
Money market funds	-	11,050,875
	<u>40,146,721</u>	<u>25,095,399</u>
<b>Cirdan Capital Management Ltd - Company</b>		
Cash held at bank	<u>7,898,874</u>	<u>3,949,188</u>

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### 21. Share capital

	2022	2021
	£	£
<b>Authorised</b>		
100 Ordinary shares of £0.01 each	1	-
1 Ordinary A shares of £1.00 each	-	1
475,000 Ordinary B shares of £1 each	-	419,762
	<u>1</u>	<u>419,763</u>
<b>Issued</b>		
100 Ordinary shares of £0.01 each	1	-
1 Ordinary A shares of £1.00 each	-	1
475,000 Ordinary B shares of £1 each	-	419,762
	<u>1</u>	<u>419,763</u>

During the financial year the Group amended the composition of the Authorised Share Capital. As 31 January 2022, there is only a single share class with full economic and voting rights. (2021: Ordinary A class which had full rights to receive notice of, attend and vote at general meetings. One share carries one vote, with full rights to dividends and capital distribution. Ordinary B class shares have no voting rights, are dividend only shares with no capital distribution rights.)

The Group bought back the Ordinary B class share at a premium and subsequently cancelled the shares. The decision was taken by the board to change the composition of the share class to a single class, as per above. The share capital was subdivided from 1 share at £1.00, to 1 share at £0.01.



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### 22. Certificates issued

#### Cirdan Capital Management Ltd - Consolidated

	2022	2021
	£	£
<b>Non-current liabilities</b>		
Certificates issued at FVTPL	78,557,737	43,193,756
Certificates issued at amortised cost	14,620,881	24,025,390
	<u>93,178,618</u>	<u>67,219,146</u>
<b>Current liabilities</b>		
Certificates issued at FVTPL	23,425,018	5,317,070
Certificates issued at amortised cost	15,310,477	-
	<u>38,735,495</u>	<u>5,317,070</u>
<b>Certificates issued at FVTPL</b>		
At 1 February	48,510,826	47,694,988
Subscription of certificates issued at FVTPL	129,598,278	43,189,179
Redemption of certificates issued at FVTPL	(40,793,367)	(21,996,218)
Reclassification	-	(12,596,524)
Net realised (loss) on redemption of certificates issued at FVTPL	(6,177,542)	(2,178,549)
Net unrealised (loss) on fair value of certificates issued at FVTPL	(27,245,205)	(4,167,300)
Net realised foreign exchange gain / (loss)	825,007	(1,434,750)
Translation reserve	(2,735,243)	-
	<u>101,982,754</u>	<u>48,510,826</u>
<b>Certificates issued at amortised cost</b>		
At 1 February	24,025,390	-
Reclassification	-	12,596,524
Subscription of certificates issued at amortised cost	17,932,390	12,273,059
Redemption of certificates issued at amortised cost	(10,762,854)	(951,790)
Net realised gain / (loss) on redemption of certificates issued at amortised cost	60,175	(4,444)
Amortisation premium / discount of certificates	22,254	108,736
Net realised foreign exchange gain	8,657	3,305
Translation reserve	(1,354,653)	-
	<u>29,931,359</u>	<u>24,025,390</u>

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### *Certificates issued continued...*

The table below sets out the each series of certificates issued that are measured at FVTPL as at 31 January 2022 and at 31 January 2021. Any certificates that were cancelled or redeemed during the year is disclosed.

Series	Currency	Maturity	Issued Amount CCY	Subscribed Amount CCY	Carrying Value as at 31 January 2022 £	Carrying Value as at 31 January 2021 £
2018-06	USD	06/09/2022	3,036,250	Cancelled	-	1,001,737
2018-07	EUR	31/08/2022	5,335,289	1,622,831	2,116,581	1,806,697
2018-08	EUR	31/08/2022	5,000,000	Cancelled	-	84,532
2018-10	EUR	14/09/2022	5,000,000	Cancelled	-	211,748
2019-02	EUR	18/02/2022	6,000,000	3,756,885	4,818,833	4,660,556
2019-03	USD	07/03/2023	10,000,000	Redeemed	-	1,116,335
2019-07	EUR	25/07/2024	4,000,000	Cancelled	-	121,779
2019-09	USD	21/08/2029	5,000,000	2,071,048	1,327,636	1,681,996
2019-10	USD	21/08/2029	5,000,000	115,244	73,329	1,397,190
2019-13	EUR	14/10/2024	5,000,000	842,616	831,672	1,001,386
2019-14	EUR	23/10/2024	10,000,000	Cancelled	-	328,461
2019-17	USD	20/11/2024	5,000,000	351,577	389,802	434,953
2019-19	EUR	27/12/2023	8,000,000	334,040	342,820	4,587,821
2019-20	EUR	27/12/2023	3,000,000	505,236	642,262	213,076
2020-01	EUR	25/02/2025	3,000,000	Cancelled	-	8,752
2020-03	USD	24/03/2025	5,000,000	618,809	743,316	587,221
2020-04	USD	24/03/2025	5,000,000	627,160	489,691	540,717
2020-05	EUR	17/04/2025	5,000,000	50,273	80,064	50,503
2020-06	EUR	12/05/2025	5,000,000	242,179	234,493	210,305
2020-09	EUR	12/06/2023	10,000,000	3,975,911	5,587,507	3,620,738
2020-10	USD	01/09/2025	10,000,000	5,780,562	5,237,068	2,878,409
2020-11	EUR	22/08/2022	5,000,000	322,349	50,382	196,767
2020-13	EUR	14/08/2025	2,000,000	896,897	1,011,270	520,118
2020-14	EUR	01/09/2025	5,000,000	1,231,773	1,325,967	1,049,837
2020-16	EUR	25/09/2025	10,000,000	1,370,399	1,383,131	1,150,661
2020-17	EUR	01/10/2025	3,000,000	417,550	408,631	422,141
2020-20	EUR	26/10/2022	3,000,000	Redeemed	-	378,852
2020-22	EUR	31/10/2025	3,000,000	Cancelled	-	605,939
2020-23	EUR	20/11/2023	3,000,000	219,631	208,256	314,138
2020-24	EUR	23/11/2022	2,000,000	126,100	69,595	283,278
2020-25	EUR	17/11/2025	5,000,000	835	719	-
2020-26	EUR	17/11/2025	5,000,000	10,856	11,386	1,863
2020-27	EUR	17/11/2025	5,000,000	10,856	14,291	5,172
2020-28	EUR	17/11/2025	5,000,000	19,207	21,758	5,700
2020-29	EUR	17/11/2025	5,000,000	31,734	34,566	25,570
2020-30	USD	11/05/2022	5,000,000	849,297	751,015	1,369,083
2020-31	EUR	14/12/2021	3,000,000	Redeemed	-	209,391
2020-33	EUR	16/06/2022	15,000,000	8,277,511	7,799,899	534,675

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*Certificates issued continued...*

Series	Currency	Maturity	Issued Amount CCY	Subscribed Amount CCY	Carrying Value as at 31 January 2022 £	Carrying Value as at 31 January 2021 £
2020-35	EUR	17/12/2024	5,000,000	1,068,928	452,692	396,980
2020-36	EUR	27/12/2024	1,750,000	804,602	2,299	107,802
2020-37	EUR	02/01/2026	3,000,000	400,848	69,267	132,522
2020-38	EUR	06/01/2025	3,500,000	274,017	783	64,729
2021-01	EUR	08/01/2026	10,000,000	1,424,681	1,241,780	1,413,830
2021-02	EUR	05/02/2025	2,850,000	1,037,917	2,732	59,049
2021-03	EUR	30/01/2024	3,000,000	815,893	671,726	270,298
2021-04	EUR	16/12/2025	10,000,000	678,101	597,163	-
2021-05	EUR	26/03/2026	10,000,000	50,106	47,560	-
2021-06	EUR	20/02/2025	3,000,000	780,819	678,687	-
2021-07	EUR	26/02/2025	1,900,000	134,869	7,455	-
2021-08	EUR	25/08/2022	3,000,000	460,140	150,835	-
2021-09	EUR	31/08/2022	3,000,000	Cancelled	-	-
2021-10	EUR	13/03/2025	3,000,000	183,722	97,520	-
2021-11	EUR	13/03/2025	3,000,000	410,869	342,543	-
2021-12	EUR	10/03/2026	10,000,000	5,443,182	4,096,866	-
2021-13	EUR	24/03/2025	1,950,000	42,340	5,917	-
2021-14	EUR	16/03/2026	5,000,000	5,846	4,866	-
2021-15	EUR	25/03/2025	5,000,000	258,046	188,968	-
2021-16	EUR	30/09/2022	5,000,000	332,370	131,985	-
2021-17	EUR	01/04/2025	5,000,000	1,039,700	1,015,163	-
2021-18	USD	25/03/2026	10,000,000	Redeemed	-	-
2021-19	EUR	31/03/2025	1,950,000	569,239	17,661	-
2021-20	EUR	09/04/2026	10,000,000	1,882,315	1,834,675	-
2021-21	EUR	09/04/2026	10,000,000	1,104,837	932,881	-
2021-22	EUR	29/04/2026	13,000,000	8,976,490	1,754,905	-
2021-23	EUR	04/05/2026	10,000,000	634,676	618,214	-
2021-25	EUR	22/04/2026	5,000,000	2,223,036	2,053,908	-
2021-26	EUR	06/05/2026	10,000,000	7,877,498	906,701	-
2021-28	EUR	30/04/2025	3,000,000	624,655	478,799	-
2021-29	EUR	28/04/2026	3,000,000	511,916	484,376	-
2021-30	EUR	13/05/2026	10,000,000	3,105,737	3,045,641	-
2021-31	EUR	21/05/2026	10,000,000	3,808,891	1,785,608	-
2021-32	EUR	06/12/2022	3,000,000	Redeemed	-	-
2021-33	EUR	18/05/2026	10,000,000	Redeemed	-	-
2021-34	EUR	27/05/2026	5,000,000	32,569	75,169	-
2021-35	EUR	10/06/2026	3,000,000	330,700	138,696	-
2021-36	EUR	30/06/2026	3,000,000	1,129,890	370,039	-
2021-37	EUR	03/06/2026	3,000,000	53,446	28,459	-
2021-38	EUR	23/06/2026	3,000,000	641,357	168,870	-
2021-39	EUR	26/06/2025	3,000,000	928,631	221,201	-
2021-40	EUR	30/06/2026	5,000,000	895,227	877,610	-

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*Certificates issued continued...*

Series	Currency	Maturity	Issued Amount CCY	Subscribed Amount CCY	Carrying Value as at 31 January 2022 £	Carrying Value as at 31 January 2021 £
2021-41	EUR	15/07/2025	6,000,000	2,398,407	1,761,392	-
2021-42	EUR	15/07/2025	5,000,000	2,581,294	1,659,257	-
2021-43	EUR	28/07/2026	3,000,000	453,459	166,466	-
2021-44	EUR	27/01/2023	10,000,000	202,094	50,705	-
2021-46	EUR	06/08/2026	15,000,000	5,479,926	4,830,117	-
2021-47	EUR	13/08/2024	3,000,000	253,870	93,705	-
2021-48	EUR	20/08/2025	4,000,000	653,048	257,498	-
2021-49	EUR	18/08/2027	3,000,000	795,850	728,889	-
2021-50	EUR	01/09/2026	10,000,000	1,149,933	1,040,345	-
2021-51	EUR	26/08/2025	3,000,000	182,052	43,256	-
2021-52	EUR	29/08/2023	10,000,000	484,358	236,996	-
2021-53	EUR	16/09/2026	3,000,000	1,692,748	647,476	-
2021-54	EUR	22/09/2026	3,000,000	760,776	661,798	-
2021-55	EUR	21/03/2023	3,000,000	539,475	153,265	-
2021-56	EUR	23/09/2026	3,000,000	445,943	292,583	-
2021-57	EUR	01/10/2025	5,000,000	2,326,589	2,225,149	-
2021-58	EUR	03/04/2023	10,000,000	865,164	135,224	-
2021-59	EUR	12/10/2026	5,000,000	337,380	333,514	-
2021-61	EUR	21/10/2025	5,000,000	1,031,349	358,497	-
2021-62	EUR	09/10/2025	10,000,000	6,735,082	821,007	-
2021-63	EUR	08/10/2026	5,000,000	25,053	24,152	-
2021-65	EUR	08/10/2026	5,000,000	197,919	168,917	-
2021-66	EUR	08/10/2026	5,000,000	66,808	69,191	-
2021-67	EUR	08/10/2026	5,000,000	10,021	10,141	-
2021-68	EUR	08/10/2026	5,000,000	100,212	104,197	-
2021-69	EUR	13/10/2026	5,000,000	408,364	405,546	-
2021-70	EUR	29/10/2025	5,000,000	737,393	171,444	-
2021-71	EUR	17/11/2025	1,600,000	299,634	61,425	-
2021-72	EUR	04/11/2025	3,000,000	634,676	142,675	-
2021-73	EUR	11/11/2025	3,000,000	667,245	248,282	-
2021-74	EUR	24/11/2025	900,000	249,340	13,298	-
2021-75	EUR	24/11/2025	900,000	171,175	18,259	-
2021-76	EUR	16/11/2026	3,000,000	249,695	204,525	-
2021-77	EUR	18/11/2025	5,000,000	254,706	35,659	-
2021-78	EUR	18/11/2026	5,000,000	264,727	37,326	-
2021-79	EUR	21/11/2023	3,000,000	536,969	174,246	-
2021-80	EUR	27/11/2026	3,000,000	421,726	45,715	-
2021-81	EUR	27/11/2025	5,000,000	761,611	520,866	-
2021-82	EUR	07/12/2026	2,000,000	256,376	216,561	-
2021-83	EUR	12/06/2023	3,000,000	250,530	164,172	-
2021-84	EUR	02/12/2026	2,000,000	417,550	63,217	-

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Series	Currency	Maturity	Issued Amount CCY	Subscribed Amount CCY	Carrying Value as at 31 January 2022 £	Carrying Value as at 31 January 2021 £
2021-85	EUR	08/12/2025	2,000,000	434,252	368,376	-
2021-86	EUR	09/12/2025	3,000,000	156,999	96,320	-
2021-87	EUR	31/12/2025	3,000,000	423,396	146,368	-
2021-88	EUR	18/12/2025	2,000,000	425,901	134,627	-
2021-89	EUR	23/12/2024	1,500,000	405,024	180,316	-
2021-90	EUR	22/06/2023	5,000,000	18,372	13,123	-
2021-91	EUR	23/12/2026	3,000,000	1,478,962	1,300,008	-
2021-92	EUR	28/12/2023	1,500,000	208,775	100,922	-
2021-93	EUR	23/12/2026	5,000,000	2,482,752	2,253,097	-
2021-94	EUR	03/01/2024	3,000,000	208,775	112,050	-
2021-95	EUR	30/12/2026	3,000,000	389,992	358,948	-
2021-98	EUR	31/12/2023	120,080	100,279	7,299	-
2022-01	EUR	11/01/2028	3,000,000	270,572	252,236	-
2022-02	EUR	11/01/2027	3,000,000	629,665	561,517	-
2022-03	EUR	19/01/2027	3,000,000	50,941	32,113	-
2022-04	EUR	19/01/2027	3,000,000	11,691	8,547	-
2022-05	EUR	20/01/2026	1,500,000	307,317	213,831	-
2022-06	EUR	25/01/2027	7,000,000	431,747	429,588	-
2022-07	EUR	29/01/2025	3,000,000	309,822	251,885	-
2022-08	EUR	27/01/2027	5,000,000	2,102,782	1,754,351	-
2022-09	EUR	05/02/2024	3,000,000	658,059	602,716	-
2022-12	EUR	04/02/2026	5,000,000	29,229	26,387	-
R2018-01	EUR	12/10/2021	2,000,000	1,649,406	1,954,855	1,926,667
R2018-02	EUR	12/10/2021	1,000,000	578,956	667,020	821,440
R2018-03	EUR	12/10/2021	1,000,000	350,187	361,478	404,854
R2018-04	EUR	12/10/2021	1,000,000	299,161	314,603	403,873
R2018-05	EUR	12/10/2021	1,000,000	541,823	553,600	712,508
R2018-06	GBP	12/10/2021	1,000,000	16,162	-	165,017
R2018-07	GBP	12/10/2021	1,000,000	3,500	-	60,889
R2018-08	GBP	12/10/2021	1,000,000	2,005	-	28,022
R2018-09	GBP	12/10/2021	1,000,000	4,518	-	49,728
R2019-02	GBP	08/05/2023	1,000,000	Available	-	-
R2019-03	EUR	03/06/2022	3,000,000	547,886	260,763	498,914
R2019-04	EUR	13/06/2022	2,000,000	592,321	716,279	781,630
R2020-02	EUR	25/03/2024	3,000,000	1,776,846	1,545,586	2,318,176
R2020-03	EUR	21/05/2025	2,000,000	240,917	321,048	455,175
R2020-04	EUR	26/06/2025	2,000,000	281,964	343,241	524,894
R2020-05	EUR	24/07/2025	1,000,000	Available	-	122,463
R2020-06	EUR	31/07/2025	3,000,000	702,419	678,792	1,105,528
R2020-07	EUR	31/07/2025	1,000,000	363,581	340,922	437,705
R2020-08	EUR	28/09/2025	1,000,000	125,015	118,566	168,201
R2020-09	EUR	09/10/2025	1,000,000	71,751	82,501	138,051

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### Certificates issued continued...

Series	Currency	Maturity	Issued Amount CCY	Subscribed Amount CCY	Carrying Value as at 31 January 2022 £	Carrying Value as at 31 January 2021 £
R2020-10	EUR	15/09/2025	1,000,000	218,681	225,804	280,515
R2020-11	EUR	15/09/2025	1,000,000	124,454	117,995	123,279
R2020-17	EUR	15/12/2025	2,000,000	731,935	535,279	785,087
R2021-01	EUR	15/01/2026	1,000,000	223,134	202,137	134,906
R2021-02	EUR	29/01/2026	1,000,000	402,316	357,265	-
R2021-03	EUR	29/01/2026	1,000,000	270,302	319,253	-
R2021-04	EUR	29/01/2026	1,000,000	449,756	472,229	-
R2021-05	EUR	29/01/2026	1,000,000	165,700	127,051	-
R2021-06	EUR	01/03/2026	1,000,000	303,149	304,433	-
R2021-07	EUR	01/03/2026	1,000,000	172,946	178,706	-
R2021-08	EUR	01/03/2026	1,000,000	230,732	143,666	-
R2021-09	EUR	09/03/2026	3,000,000	725,782	531,938	-
					<u>101,982,754</u>	<u>48,510,826</u>

The table below sets out the each series of certificates issued and measured at amortised cost as at 31 January 2022 and as at 31 January 2021.

Series	Currency	Maturity	Issued Amount CCY	Subscribed Amount CCY	Carrying Value as at 31 January 2022 £	Carrying Value as at 31 January 2021 £
2019-06	EUR	11/07/2022	35,000,000	18,256,000	15,310,476	17,515,917
R2019-01	EUR	08/05/2023	9,000,000	3,718,385	3,105,227	4,122,651
R2020-01	GBP	04/03/2024	1,000,000	16,179	16,249	251,037
2020-12	EUR	14/08/2023	20,000,000	12,720,000	10,691,334	1,194,747
R2020-16	EUR	04/12/2023	2,000,000	967,640	808,074	941,038
					<u>29,931,360</u>	<u>24,025,390</u>

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### 23. Trade and other payables

	2022	2021
	£	£
<b>Cirdan Capital Management Ltd - Consolidated</b>		
Cash collateral payable for derivatives	5,001,143	1,034,323
Other creditors	3,252,540	69,794
Accrued expenses	2,538,378	1,157,749
Trade creditors	742,939	250,989
Deferred income	504,864	-
Interest payable on certificates	261,401	246,975
Payable for redemptions to certificates	-	2,030,979
Social security and other taxes	57,971	5,424
	<u>12,359,236</u>	<u>4,796,233</u>
	2022	2021
	£	£
<b>Cirdan Capital Management Ltd - Company</b>		
Accrued expenses	2,437,102	1,060,902
Trade creditors	742,939	250,989
Deferred income	504,864	-
Other creditors	292	-
Social security and other taxes	57,971	5,425
	<u>3,743,168</u>	<u>1,317,316</u>

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### 24. Employees and Directors

#### Cirdan Capital Management Ltd - Company

	2022	2021
	£	£
Wages and salaries	2,818,775	1,475,415
Social security costs	354,949	183,635
Other pension costs	14,404	10,885
	<u>3,188,128</u>	<u>1,669,935</u>
The average number of employees during the year was as follows:		
Directors	5	5
Employees	22	17
	<u>27</u>	<u>22</u>
Directors' remuneration	<u>396,562</u>	<u>255,081</u>
Key management personnel remuneration	<u>472,112</u>	<u>305,080</u>

The Board of Directors of Cirdan Capital Management Ltd are employed on a fixed employment contract, with the remuneration of each Director (Non - Executive or Executive) being agreed on an annual basis. Antonio de Negri is the controlling party of Cirdan Group SPA, and is also a member of the Board of Directors.

The highest paid Director during the year ending 31 January 2022 received £173,820 per annum. During the year, the Directors had no opportunity to exercise any share options, no shares were issued as part of the employment in lieu of salary and no pension with money purchase benefits were offered. These figures excludes any commission scheme figures which are strictly related to individual targets as employee and not related to services rendered as Director or senior manager.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.



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### 25. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel, and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members; and
- Its subsidiaries;

As at the balance sheet date, a loan advance to the Director, Mr A De Negri, was included within debtors and the outstanding balance due to the Group amounted to £47,873 (2021:£49,690).

During the period Cirdan Capital Management Ltd invoiced its wholly owned subsidiary SmartETN PLC, £12,666,418 (2021: £5,596,778) for services performed as per the hedging and arranger agreement. As at the balance sheet date the amount due from SmartETN PLC amounted to Nil (2021: £104,110).

The certificates issued by SmartETN PLC, the wholly owned subsidiary, are unconditionally and irrevocably guaranteed by Cirdan Capital Management Ltd as the Guarantor. In case of shortfall, between realised value of the financial assets held by SmartETN PLC and the contractual obligation of the certificates issued by SmartETN PLC, the Company is obliged to cover the full amount of the shortfall. In case of a surplus, between realised value of the financial assets held by SmartETN PLC and the contractual obligation of the certificates issued by SmartETN PLC, the Company is entitled to the full amount of the surplus as a consideration for acting as Guarantor to SmartETN PLC.

The amount receivable by Cirdan Capital Management Ltd in its role as Guarantor is £3,484,334 (2021: £625,759). Fees raised by the Group for the year as arranger was £14,977,486 (2021: £7,098,122).

During the period, the Group made investments into certificates issued by Aldburg S.A., to which the Group is the arranger of the transactions. As at the balance sheet date, the investments held by the Group was £33,497,432 (2021: £21,286,372) in certificates issued by Aldburg S.A.. Fees raised by the Group for the year as arranger was £4,681,474 (2021: £1,328,868).

As at 31 January 2022, the Group had an investment in Aldburg Public S.A., to which the Group is the arranger of the transactions. Investments held at balance sheet date, £83,109 (2021: NIL).

As at 31 January 2022, Cirdan Capital Management Ltd had a loan receivable from its Parent, Cirdan Group SPA £34,535 (2021: NIL). This is included in Trade and other receivables.

As at 31 January 2022, Cirdan Capital Management Ltd had a loan receivable from its wholly owned subsidiary, SmartCrypto ETP GmbH £2,578 (2021: NIL). This is included in Trade and other receivables.

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### 26. Financial assets and liabilities - Risk Management

The Group's objective in managing risk is the creation and protection of certificate holder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures.

The Group's financial instruments include cash at bank, financial assets at FVTPL and at amortised cost, derivative instruments, financial liabilities at FVTPL (certificates issued and marketable securities held short), financial liabilities at amortised cost and other receivables / payables that arise directly from operations.

The Group is exposed to a variety of financial risks: Capital risk, Market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk exposure. The Group has attempted to match the properties of its financial assets to the certificates issued, including derivative financial instruments to avoid significant elements of risk generated by mismatch of realised income and repayments from investments against its obligations towards the certificate holders. The Directors seek to assess, monitor, and manage the potential adverse effects of these risks on the Group's financial performance by appropriate methods as discussed below.

#### Operational risk exposure

Operational risk is the risk of direct or indirect loss arising from the Group's processes, personnel and infrastructure, and from external factors other than credit risk, market risk and liquidity risk. This includes risks arising from non-compliance with legal and regulatory requirements as well as generally accepted standards of corporate behaviour.

The Group's aim is to manage operational risk so as to limit financial losses and damage to its reputation while achieving its investment objectives. A core function to mitigate the risk, is achieved by acquiring a portfolio of financial instruments (financed by the issuance of listed debt obligations, "the certificates"). The financial instruments are obtained with the purpose of providing the future promised returns of the certificates issued to the minimum extent required.

#### Capital risk management

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return to certificate holders. The capital managed by the Group comprises of ordinary shares and the financial liabilities outstanding as at financial period-end. The Group is not subject to externally imposed capital requirements, however, Cirdan Capital Management Ltd as an FCA regulated firm, has specific capital requirements. These can be viewed on the website: <https://cirdancapital.com/pillar-3-disclosure-and-policy>.

#### Market risk

Market risk is the potential change in the value of the financial instruments, caused by the movements in foreign exchange, interest rates or market prices. The certificate holders are exposed to the market risk of the underlying reference item of each certificate issued by the Group as a direct function of the hedged financial instruments acquired. The exposure of the certificate holder to the market risk is due to the defined hedged underlying investment undertaken by the Group.

Foreign exchange risk is the risk that the Group and certificate holders are exposed to the change in an underlying currency in relation to another. The Group is exposed to the movement in EURO, USD and CHF movements as set out in the table below. To mitigate the risk, management has set out the following processes:

- When appropriate and possible, the Group will match the certificate issuance currency with the underlying hedging transaction, in this way any movement in currency will not cause any variance.
- For the certificates that are not directly hedged to an underlying financial asset, the Group will continue to undertake the investment in the same currency to avoid any foreign currency risk.
- The Group is exposed to the foreign currency risk with regards to its proprietary trading portfolio. To assist in managing the risk, the Group enters into FX forwards to minimise the exposure to foreign exchange risk.

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### ***Financial assets and liabilities - Risk Management continued...***

The certificate holder is not directly exposed to any foreign exchange risk due to the steps undertaken by the Group. The exposure to foreign currency risk due to the proprietary investment portfolio is borne by the Group, and does not impact the value of certificate holders.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group has issued certificates that have a coupon obligation, related to the measurement of specific criteria, as set out in the terms and conditions. To minimise the exposure to interest rate risk, the Group hedges the obligation with a suitably similar instrument. For certain certificates, the hedge may not be directly linked, however, the nature and interest element will be suitably similar to avoid any variance between the interest rate movements.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or all factors affecting all similar financial instruments traded in the market. The Group is exposed to price risk due to the changes in value of the underlying investments undertaken. To mitigate the risk, the Group have undertaken the following processes:

- When appropriate and possible, the Group will hedge the underlying investments as identified by the terms and conditions on the issued certificates. This allows the movement of the certificate and the underlying hedge exposure to move in a linear, opposite direction and mitigating the risk of price risk.
- For the certificates that are not directly hedged to an underlying financial asset, the Group will continue to invest in a suitably similar underlying asset. As such, the exposure is mitigated by the expectation that the movement in price of the underlying asset would be similar as to the movement in the certificate. The price risk is borne by the Group, as the valuation of these certificates are not directly related to the movement of the investment asset.
- The Group is exposed to the price risk with regards to the proprietary trading portfolio. To minimise this risk, the Group undertakes an extensive due diligence process. The Group limits the concentration of these investments to currency, geographic location, industry and economic sector. The portfolio of proprietary trading includes but is not limited to common stocks, equity stock indices, mutual fund stocks, money market funds, debt instruments, exchange-traded commodity futures, options, over-the-counter contracts and derivative instruments. The price risk on these positions are not borne by the certificate holders.

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### Financial assets and liabilities - Risk Management continued...

(i) Foreign exchange risk

This table below shows the Group and Company's exposure to foreign currency risk as at 31 January 2022.

#### Cirdan Capital Management Ltd - Consolidated

	Financial assets at FVTPL	Derivative financial instruments	Debt instruments at amortised cost	Trade and other receivables	Cash and cash equivalents	Unsettled trades receivable	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
EUR	9,213	412	22,558	73,543	37,771	5,426	148 923
USD	21,529	17,343	-	839	1,415	-	41 126
CHF	-	-	-	140	177	-	317
CAD	35	-	-	-	( 438)	-	( 403)
JPY	-	-	-	2,514	515	-	3 029
AUD	-	-	-	264	( 269)	-	( 5)
NZD	-	-	-	-	4	-	4
ZAR	-	-	-	-	( 9)	-	( 9)
MXN	-	-	-	562	( 555)	-	7
SGD	-	-	-	188	(1 124)	-	( 936)
	30 777	17 755	22 558	78,050	37 487	5,426	192,053

	Certificates issued at FVTPL	Certificates issued at amortised cost	Derivative financial instruments	Interest payable on certificates	Trade and other payables	Unsettled trades payable	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities							
EUR	92,971	29,915	3,181	261	1,648	1	127 977
USD	9,012	-	42,253	-	6,653	-	57 918
CAD	-	-	-	-	1	-	1
JPY	-	-	-	-	1	-	1
ZAR	-	-	-	-	1	-	1
JPY	-	-	-	-	1	-	1
ZAR	-	-	-	-	1	-	1
	101 983	29 915	45 434	261	8 306	1	185 900

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in £

### Financial assets and liabilities - Risk Management continued...

#### Cirdan Capital Management Ltd - Company

Assets	Trade and other receivables	Financial assets at FVTPL	Cash and cash equivalents	Total
	£'000	£'000	£'000	£'000
EUR	4,019	44	6,443	10,506
USD	412	-	280	692
CHF	140	-	161	301
	4 571	44	6 884	11 499

Liabilities	Trade and other payables	Total
	£'000	£'000
EUR	1,553	1,553
USD	911	911
	2 464	2 464

This table below shows the Group and Company's exposure to foreign currency risk as at 31 January 2021.

#### Cirdan Capital Management Ltd - Consolidated

Assets	Financial assets at FVTPL	Derivative financial instruments	Debt instruments at amortised cost	Trade and other receivables	Cash and cash equivalents	Unsettled trades receivable	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EUR	2,424	1,529	4,868	17,196	18,944	377	45,338
USD	12,579	5,471	1,458	752	( 684)	-	19,576
CHF	-	-	-	-	21	-	21
	15 003	7 000	6 326	17 948	18 281	377	64 935

Liabilities	Certificates issued at FVTPL	Certificates issued at amortised cost	Short investment at FVTPL	Derivative financial instruments	Interest payable on certificates	Trade and other payables	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EUR	37,200	23,774	-	2,732	247	693	64,646
USD	11,008	-	-	3,206	-	1,038	15,252
	48 208	23 774	-	5 938	247	1 731	79 898

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in £

### Financial assets and liabilities - Risk Management continued...

#### Cirdan Capital Management Ltd - Company

Assets	Trade and other receivables £'000	Financial assets at FVTPL £'000	Cash and cash equivalents £'000	Total £'000
EUR	639	22	955	1,616
USD	156	-	391	547
CHF	-	-	20	20
	<u>795</u>	<u>22</u>	<u>1 366</u>	<u>2 183</u>

Liability	Trade and other payables £'000	Total £'000
EUR	184	184
	<u>184</u>	<u>184</u>

#### Cirdan Capital Management Ltd - Consolidated

The sensitivity analysis for a movement in the currency exposure for the Group:

Currency	Increase in foreign currency exchange rate	Net effect on the profit or loss	
		2022 £'000	2021 £'000
EURO	5 %	1,048	(965)
USD	5 %	(840)	216
CHF	5 %	16	1
CAD	5 %	(20)	-
JPY	5 %	151	-
SGD	5 %	(47)	-
		<u>308</u>	<u>(748)</u>

Currency	Decrease in foreign currency exchange rate	Net effect on the profit or loss	
		2022 £'000	2021 £'000
EURO	5 %	(1,047)	965
USD	5 %	840	(216)
CHF	5 %	(16)	(1)
CAD	5 %	202	-
JPY	5 %	151	-
SGD	5 %	47	-
		<u>177</u>	<u>748</u>

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Figures in £

### *Financial assets and liabilities - Risk Management continued...*

#### **Cirdan Capital Management Ltd - Company**

The sensitivity analysis for a movement in the currency exposure for the Company:

Currency	Increase in foreign currency exchange rate	Net effect on the profit or loss	
		2022	2021
		£'000	£'000
EURO	5 %	448	72
USD	5 %	(17)	27
CHF	5 %	15	1
		<b>446</b>	<b>100</b>

Currency	Decrease in foreign currency exchange rate	Net effect on the profit or loss	
		2022	2021
		£'000	£'000
EURO	5 %	(443)	30
USD	5 %	17	(12)
CHF	5 %	(15)	-
		<b>(441)</b>	<b>18</b>

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in £

### Financial assets and liabilities - Risk Management continued...

#### (ii) Interest rate risk

The risk defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Group's financial assets and liabilities were as follows:

#### Cirdan Capital Management Ltd - Consolidated

Assets	Fixed Rate £'000	Up to 1 month £'000	1 - 6 months £'000	Non-interest bearing £'000	Total £'000
Financial assets at FVTPL	-	-	-	30,841	30,841
Derivative financial instruments	-	-	11,203	6,552	17,755
Debt instruments at amortised cost	-	-	26,204	-	26,204
Trade and other receivables	-	-	-	79,384	79,384
Cash and cash equivalents	623	32,227	-	7,296	40,146
Unsettled trades receivable	-	-	-	5,426	5,426
	623	32,227	37,407	129,499	199,756
Liabilities	Fixed Rate £'000	Up to 1 month £'000	1 - 6 months £'000	Non-interest bearing £'000	Total £'000
Certificates issued at FVTPL	1,401	-	-	100,582	101,983
Certificates issued at amortised cost	-	-	15,310	14,621	29,931
Derivative financial instruments	-	-	43,748	1,691	45,439
Interest payable on certificate	-	-	-	261	261
Trade and other payables	-	-	-	12,097	12,097
Unsettled trades payable	-	-	-	1	1
	1,401	-	59,058	129,253	189,712

#### Cirdan Capital Management Ltd - Company

Assets	Fixed Rate £'000	Up to 1 month £'000	1 - 6 months £'000	Non-interest bearing £'000	Total £'000
Investment in subsidiary	-	-	-	44	44
Trade and other receivables	-	-	-	5,852	5,852
Cash and cash equivalents	623	-	-	7,276	7,899
	623	-	-	13,172	13,795
Liabilities	Fixed Rate £'000	Up to 1 month £'000	1 - 6 months £'000	Non-interest bearing £'000	Total £'000
Trade and other payables	-	-	-	3,743	3,743
	-	-	-	3,743	3,743



# CIRDAN CAPITAL MANAGEMENT LTD

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in £

### Financial assets and liabilities - Risk Management continued...

This table below shows the Group's interest rate profile related to assets as at 31 January 2021.

#### Cirdan Capital Management Ltd - Consolidated

Assets	Fixed Rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Financial assets at FVTPL	-	-	-	15,060	15,060
Derivative financial instruments	-	-	6,733	267	7,000
Debt instruments at amortised cost	1,458	-	19,828	-	21,286
Trade and other receivables	-	-	-	18,710	18,710
Cash and cash equivalents	1,553	21,145	-	2,397	25,095
Unsettled trades receivable	-	-	-	377	377
	3,011	21,145	26,561	36,811	87,528

Liabilities	Fixed Rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Certificates issued at FVTPL	3,079	-	-	45,432	48,511
Certificates issued at amortised cost	-	-	17,516	6,509	24,025
Derivative financial instruments	-	-	5,832	240	6,072
Interest payable on certificate	-	-	-	247	247
Trade and other payables	-	-	-	4,549	4,549
	3,079	-	23,348	56,977	83,404

#### Cirdan Capital Management Ltd - Company

Assets	Fixed Rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Investment in subsidiary	-	-	-	22	22
Trade and other receivables	-	-	-	1,471	1,471
Cash and cash equivalents	1,553	-	-	2,397	3,950
	1,553	-	-	3,890	5,443

Liabilities	Fixed Rate	Up to 1 month	1 - 6 months	Non-interest bearing	Total
	£'000	£'000	£'000	£'000	£'000
Trade and other payables	-	-	-	1,317	1,317
	-	-	-	1,317	1,317

# CIRDAN CAPITAL MANAGEMENT LTD

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Figures in £

### *Financial assets and liabilities - Risk Management continued...*

#### **Cirdan Capital Management Ltd - Consolidated**

The sensitivity analysis for a movement in the variable interest rate exposure for the Group:

Currency	Increase in variable interest rate	Net effect on the profit or loss	
		2022	2021
		£'000	£'000
Bank of England lending rate	50 %	5	7
Euribor 1m	50 %	35	9
Euribor 3m	50 %	(20)	(32)
Libor Overnight	50 %	33	29
		<b>53</b>	<b>13</b>

Currency	Decrease in variable interest rate	Net effect on the profit or loss	
		2022	2021
		£'000	£'000
Bank of England lending rate	50 %	(5)	(7)
Euribor 1m	50 %	(104)	(28)
Euribor 3m	50 %	61	(96)
Libor Overnight	50 %	(101)	(88)
		<b>(149)</b>	<b>(219)</b>

#### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or all factors affecting all similar financial instruments traded in the market.

The price risk associated with the realisation of the financial assets held by the Group is offset by the changes in the fair value of the certificates issued by the Group. The price risk is managed by the Group hedging the required certificates returns in suitably identified financial instruments. This allows the Group to obtain a return to the minimum extent promised on the certificates.

The proprietary investment portfolio managed by the Group has extensive due diligence and internal reviews undertaken as part of the investment decision. The investments are liquid in nature, to assist the Group in meeting any foreseeable capital obligations. The investments are made with a short / medium timeframe in realisation.

The Group uses the following three-tier hierarchy as a framework as per IFRS 13 for disclosing fair value based on inputs to the valuation of the Group's financial instruments:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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## Notes to the Consolidated and Separate Annual Financial Statements

Figures in £

### Financial assets and liabilities - Risk Management continued...

The carrying amounts of financial instruments held at fair value in are determined, in full or in part, by reference to the Level 1, Level 2 and Level 3 hierarchy categories as defined above. The table below sets out the instruments included in each category as at 31 January 2022.

#### Cirdan Capital Management Ltd - Consolidated

The table below sets out the assets and liabilities instruments included in each category as at 31 January 2022.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at FVTPL</b>				
Financial assets at FVTPL	3,393	19,763	7,685	30,841
Derivative financial instruments	5,973	11,782	-	17,755
	<u>9,366</u>	<u>31,545</u>	<u>7,685</u>	<u>48,596</u>
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities at FVTPL</b>				
Certificates issued at FVTPL	-	82,456	19,527	101,983
Derivative financial instruments	1,629	43,810	-	45,439
	<u>1,629</u>	<u>126,266</u>	<u>19,527</u>	<u>147,422</u>

The table below sets out the assets and liabilities instruments included in each category as at 31 January 2021.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at FVTPL</b>				
Financial assets at FVTPL	-	10,200	4,859	15,059
Derivative financial instruments	1,363	5,637	-	7,000
	<u>1,363</u>	<u>15,838</u>	<u>4,859</u>	<u>22,059</u>
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial liabilities at FVTPL</b>				
Certificates issued at FVTPL	-	45,432	3,079	48,511
Derivative financial instruments	1,147	4,924	-	6,071
	<u>1,147</u>	<u>50,356</u>	<u>3,079</u>	<u>54,582</u>

#### Cirdan Capital Management Ltd - Consolidated

The sensitivity analysis for a movement in the market price exposure for the Group:

Currency	Increase in market price	Effect on the profit or loss	
		2022 £'000	2021 £'000
<b>Assets</b>			
Financial assets at FVTPL	5%	1,542	753
Derivative financial instruments	5%	888	350
		<u>2,430</u>	<u>1,103</u>
<b>Liabilities</b>			
Certificates issued at FVTPL	5%	(5,099)	(2,426)
Derivative financial instruments	5%	(2,272)	(304)
		<u>(7,371)</u>	<u>(2,730)</u>
<b>Net impact on profit or loss</b>		<u>(4,941)</u>	<u>(1,627)</u>

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Figures in £

### Financial assets and liabilities - Risk Management continued...

Currency	Decrease in market price	Effect on the profit or loss	
		2022	2021
Assets		£'000	£'000
Financial assets at FVTPL	5%	(1,542)	(753)
Derivative financial instruments	5%	(888)	(350)
		<b>(2,430)</b>	<b>(1,103)</b>
<b>Liabilities</b>			
Certificates issued at FVTPL	5%	5,099	2,426
Derivative financial instruments	5%	2,272	304
		<b>7,371</b>	<b>2,730</b>
<b>Net impact on profit or loss</b>		<b>4,941</b>	<b>1,627</b>

### Valuation of level 2 fair values

The Group derives the fair value of the certificates based on a combination of the underlying assets held. The net issuance of certain certificates are used to enter into offsetting financial transactions in such a way as to hedge the exposure of the Group to the future promised returns of certain certificates issued to the minimum extent required. In addition, the Group also maintains an investment portfolio using the proceeds from certain certificates issuance to maximise returns to meet contractual obligations of the certificates and to generate any excess returns over these contractual obligations. Financial assets include, but are not limited to common stock, equity stock indices, mutual fund stocks, stock warrant and debt instruments. In certain instances, the Group has determined that the market may not be considered active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. These include investment-grade corporate bonds, certain customised baskets of common stocks or indices and derivatives.

### Financial instruments - Level 3:

#### Valuation of level 3 fair value assets

The valuation of the Level 3 investments are performed by the operational team, on an annual basis at the very least. The team verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. Any fair value change is reviewed and considered internally, with a view to confirmation that the value presented is a true and fair reflection of the investment. The investments form part of the proprietary investment portfolio with the movement borne by the Group. For the certificate holder, the risk is mitigated by the existence of the guarantee issued by the Group with regards to the obligations of the certificates.

	2022	2021
	£'000	£'000
Reconciliation of level 3 fair value assets		
<b>Balance as at 01 February</b>	4,859	263
Purchases	5,158	5,134
Disposal	(2,741)	(611)
Foreign currency gain / (loss)	(274)	-
Total gains / (losses) in profit or loss	683	73
<b>Balance as at 31 January</b>	<b>7,685</b>	<b>4,859</b>

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Figures in £

### *Financial assets and liabilities - Risk Management continued...*

Valuation of level 3 fair value liabilities

The valuation of the Level 3 Certificates are performed by the operational team, on a realtime basis. The underlying rate applied is selected after taking various external and internal factors into consideration, including but not limited to; discounting due to the Group not being rated, terms and conditions related to the applicable Certificate issued, the nature and frequency of the Certificate obligation.

	2022	2021
	£'000	£'000
Reconciliation of level 3 fair value liabilities		
<b>Balance as at 01 February</b>	3,479	6,359
Sales	18,757	2,152
Redemption	(4,873)	(3,511)
Reclassification	4,051	-
Total (gains) / losses in profit or loss	(1,314)	(1,521)
Unrealised FX	(574)	-
<b>Balance as at 31 January</b>	<u>19,526</u>	<u>3,479</u>

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### Financial assets and liabilities - Risk Management continued...

#### Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. The Group is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within debt instruments, derivatives, money market funds and similar securities, derivative assets, short-term trade receivables, and cash and cash equivalents.

A policy is implemented where the Group can only enter into financial instruments with reputable, pre-approved counterparties. This includes closely monitoring the creditworthiness of the Group's counterparties (brokers, custodians and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

#### Cirdan Capital Management Ltd - Consolidated

This table below represents the maximum exposure to credit risk:

	2022	2021
	£'000	£'000
<b>Assets</b>		
Financial assets at FVTPL	9,536	8,774
Debt instruments at amortised cost	26,204	21,286
Derivative financial instruments	17,755	7,000
Trade and other receivables	79,384	18,710
Cash and cash equivalents	40,147	25,095
Unsettled trades receivable	5,426	377
	<u>178,452</u>	<u>81,242</u>

#### Cirdan Capital Management Ltd - Company

This table below represents the maximum exposure to credit risk:

	2022	2021
	£'000	£'000
<b>Assets</b>		
Investment in Subsidiary	44	22
Trade and other receivables	5,852	1,471
Cash and cash equivalents	7,899	3,949
	<u>13,795</u>	<u>5,442</u>

(i) The credit rating profile of the Derivatives' Broker and Counterparties are as follows:

#### Cirdan Capital Management Ltd - Consolidated

	31 January 2022		
Financial assets at FVTPL	£'000	Credit Rating	Rating Agency
Aldburg S.A.	11,480	Unrated	-
Credit Suisse	9,536	A	S&P
Citigroup Global Markets	3,625	A-1	S&P
Other	2,881	Unrated	-
Interactive Brokers	2,474	BBB+	S&P
J.P. Morgan Structured Products	720	A+	S&P
Aldburg Public S.A.	83	Unrated	-
Morgan Stanley & Co. International	42	A+	S&P
	<u>30,841</u>		

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### Financial assets and liabilities - Risk Management continued...

	31 January 2021		
Financial assets at FVTPL	£'000	Credit Rating	Rating Agency
Credit Suisse	8,774	A	S&P
Aldburg S.A.	4,859	Unrated	-
Interactive Brokers	894	BBB+	S&P
J.P. Morgan Structured Products	448	A+	S&P
Other	84	Unrated	-
	<u>15,059</u>		
	31 January 2022		
Debt instruments at amortised cost	£'000	Credit Rating	Rating Agency
Aldburg S.A.	22,018	Unrated	-
Dryden 51 EURO CLO 2017 BV	2,093	AA	S&P
Adagio CLO VIII DAC	2,093	AA	Fitch
	<u>26,204</u>		
	31 January 2021		
Debt instruments at amortised cost	£'000	Credit Rating	Rating Agency
Aldburg S.A.	21,286	Unrated	-
	<u>21,286</u>		
	31 January 2022		
Derivatives financial instruments	£'000	Credit Rating	Rating Agency
Interactive Brokers LLC	5,973	BBB+	S&P
Goldman Sachs International	10,163	A+	S&P
J. P. Morgan Securities PLC.	1,619	A+	S&P
	<u>17,755</u>		

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### Financial assets and liabilities - Risk Management continued...

	31 January 2021	Credit Rating	Rating Agency
<b>Derivatives financial instruments</b>	<b>£'000</b>		
Interactive Brokers LLC	1,362	BBB+	S&P
Goldman Sachs International	3,305	A+	S&P
J. P. Morgan Securities PLC.	2,333	A+	S&P
	<u>7,000</u>		

(ii) The credit rating profile of the banks holding the cash and cash equivalents balance is as follows:

### Cirdan Capital Management Ltd - Consolidated

	31 January 2022	Credit Rating	Rating Agency
<b>Cash and cash equivalents</b>	<b>£'000</b>		
Citibank, N.A.	5,416	Aa3	Moody's
Goldman Sachs International Bank	7,325	Aa3	Moody's
Interactive Brokers LLC	17,027	BBB+	S&P
Barclays Bank PLC	7,889	A1	Moody's
Banca5	262	BBB	S&P
Banca Finnat	2,212	Unrated	-
Euroclear Bank SA / NV	(4)	AA-	S&P
Penta Fintech GmbH	20	Unrated	-
	<u>40,147</u>		

### Cirdan Capital Management Ltd - Company

	31 January 2022	Credit Rating	Rating Agency
<b>Cash and cash equivalents</b>	<b>£'000</b>		
Barclays Bank PLC	7,899	A1	Moody's
Interactive Brokers LLC	4	BBB+	S&P
Euroclear Bank SA / NV	(4)	AA-	S&P
	<u>7,899</u>		

### Cirdan Capital Management Ltd - Consolidated

	31 January 2021	Credit Rating	Rating Agency
<b>Cash and cash equivalents</b>	<b>£'000</b>		
Citibank, N.A.	2,574	Aa3	Moody's
Goldman Sachs International Bank	14,433	Aa3	Moody's
Interactive Brokers LLC	3,552	BBB+	S&P
Barclays Bank PLC	3,949	A	S&P
Banca5	587	BBB	S&P
	<u>25,095</u>		

### Cirdan Capital Management Ltd - Company

	31 January 2021	Credit Rating	Rating Agency
<b>Cash and cash equivalents</b>	<b>£'000</b>		
Barclays Bank PLC	3,949	A	S&P
	<u>3,949</u>		



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### Financial assets and liabilities - Risk Management continued...

(iii) Credit risk for unsettled trades receivable is minimal as the balance is settled following the financial period-end.

### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's approach to managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

Prudent liquidity risk management requires maintaining sufficient cash and marketable investments, which the Group does. The maturity profile of the financial liabilities as at 31 January 2022 is as follows:

#### Cirdan Capital Management Ltd - Consolidated

	Gross contractual cashflow	Up to 1 Year	1 - 2 Years	2 - 5 Years	5 Years
Liabilities	£'000	£'000	£'000	£'000	£'000
Operating Lease - Office	750	111	639	-	-
Certificates issued at FVTPL	101,982	23,425	7,877	69,279	1,401
Certificates issued at amortised cost	29,931	15,310	14,605	16	-
Interest payable on certificates	260	260	-	-	-
Trade and other payables	12,097	12,097	-	-	-
Unsettled trades payable	1	1	-	-	-
	145,021	51,204	23,121	69,295	1,401

#### Cirdan Capital Management Ltd - Company

	Gross contractual cashflow	Up to 1 Year	1 - 2 Years	2 - 5 Years	5 Years
Liabilities	£'000	£'000	£'000	£'000	£'000
Operating Lease - Office	750	111	639	-	-
Trade and other payables	3,816	3,816	-	-	-
	4,566	3,927	639	-	-

The maturity profile of the financial liabilities as at 31 January 2021 is as follows:

#### Cirdan Capital Management Ltd - Consolidated

	Gross contractual cashflow	Up to 1 Year	1 - 2 Years	2 - 5 Years	5 Years
Liabilities	£'000	£'000	£'000	£'000	£'000
Operating Lease - Office	657	344	313	-	-
Certificates issued at FVTPL	48,511	5,317	11,274	28,841	3,079
Certificates issued at amortised cost	24,025	-	17,516	6,509	-
Interest payable on certificates	247	247	-	-	-
Trade and other payables	4,549	4,549	-	-	-
	77,989	10,457	29,103	35,350	3,079

# CIRDAN CAPITAL MANAGEMENT LTD

(Registration Number 08853583)

Annual Report and Consolidated Financial Statements for the year ended 31 January 2022

## Notes to the Consolidated and Separate Annual Financial Statements

Figures in £

### *Financial assets and liabilities - Risk Management continued...*

#### **Cirdan Capital Management Ltd - Company**

	Gross contractual cashflow	Up to 1 Year	1 - 2 Years	2 - 5 Years	5 Years
<b>Liabilities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Operating Lease - Office	657	344	313	-	-
Trade and other payables	1,317	1,317	-	-	-
	<u>1,974</u>	<u>1,661</u>	<u>313</u>	<u>-</u>	<u>-</u>

The amounts shown are the contractual undiscounted cashflows whereas the Group manages the inherent liquidity risk based on expected undiscounted cash inflows.

#### **27. FCA risk disclosure**

As required by The Financial Conduct Authority Handbook (BIPRU 11) , the Pillar 3 risk disclosures are available on the Group's website at <https://www.cirdancapital.com>.

#### **28. Parent and ultimate holding Company**

As at the balance sheet date the ultimate controlling party is Cirdan Group S.p.A.

#### **29. Approval of consolidated annual financial statements**

These financial statements were approved by the Board of Directors and authorised for issue on \_\_\_\_\_.