

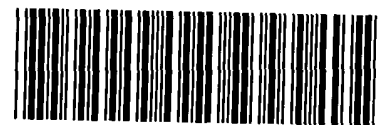
Company registration No. 8926874

# Segantii Capital Management (UK) Limited

Annual Report and Consolidated Financial Statements

For the year ended 30 September 2020

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# **Segantii Capital Management (UK) Limited**

## **Consolidated Annual Financial Statements for the year ended 30 September 2020**

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# **Segantii Capital Management (UK) Limited**

**Consolidated Annual Financial Statements for the year ended 30 September 2020**

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## **Company information**

### **Directors**

N H Maru  
D M Sayer

### **Registered office**

6th Floor 130 Jermyn Street  
London  
England  
SW1Y 4UR

### **Auditor**

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

### **Bank**

HSBC Bank plc  
Rms Dept Level 2 2Nd Floor 62-76 Park Street  
London  
SE1 9DZ

# **Segantii Capital Management (UK) Limited**

## **Consolidated Annual Financial Statements for the year ended 30 September 2020**

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### **Group strategic report**

The directors present their strategic report for Segantii Capital Management (UK) Limited ("the Company") and its subsidiary Segantii Capital Management (US) LLC (together "the Group") for the year ended 30 September 2020.

#### **Principal activity and review of the business**

The principal activity of the Group is to provide investment advisory services to the parent company, Segantii Capital Management Limited, an authorised investment management firm based in Hong Kong.

On 11 June 2020, the company incorporated a subsidiary Segantii Capital Management (USA) LLC in Delaware, United States. The subsidiary was established to provide investment management services in the US and is a registered investment adviser with the U.S. Securities Exchange Commission ("US SEC"). During the period to 30 September 2020 the subsidiary company incurred costs amounting to £214,338.

On 1 December 2017, the company was authorised by the FCA to provide regulated products and services.

Given the straightforward nature of the Group, the directors are of the opinion that turnover, profit and net assets are sufficient KPIs to gain an understanding of the development, performance and position of the business.

During the financial period under review, the Group generated a profit before tax amounting to £4,635,259 (2019 - £9,679,117). As at 30 September 2020, the Group had a net asset position of £17,708,884 (2019 - £13,740,119).

The results for the year are in line with the directors' expectations and forecasts for the year. The directors expect growth in the foreseeable future as the group is exploring new business opportunities and to further develop its existing business as it seeks to grow its business within the United Kingdom and United States.

#### **Principal risks and uncertainties**

The Group's operations expose it to certain financial risks. During the year under review and up to the date of approval of the annual report and consolidated financial statements, there was in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The directors consider financial risks regularly and seek to manage the effects on the financial performance of the Group. The Group is exploring new business opportunities and to further develop its existing business as it seeks to grow its business within the United Kingdom and United States.

#### **COVID-19**

Despite the unprecedented circumstances that have arisen since the outbreak of the Covid-19 pandemic the Company and Group has transformed its working practices, largely through staff working from home and meetings hosted online, but its operating model has remained the same. As at the date of this report, the global outlook as a result of Covid-19 is still uncertain, despite the roll-out of vaccines, and the range of potential outcomes is wide-ranging and unknown. The Directors are reasonably certain that the Company and Group has the infrastructure and the strength in financial position to maintain operations for a minimum of 12 months from the date of this report.

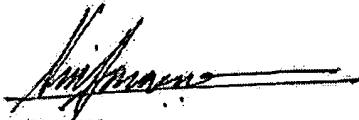
## Segantii Capital Management (UK) Limited

Consolidated Annual Financial Statements for the year ended 30 September 2020

### Group strategic report *continued*

#### Brexit

The UK left the European Union (EU) on 31 January 2020 and entered a transition period where the UK continued to follow EU rules whilst the UK Government negotiated the future relationship with the EU. With the terms of Brexit agreed, on 24 December 2020 ("the Trade Deal", the Company may face some legal, tax and regulatory uncertainty. Whilst operational events may suffer from an elevated volume of legal or operational tasks the Directors do not expect the terms of the Trade Deal to impact the ability of the Fund to access markets or cause investors to redeem. The Company expects to be able maintain access to highly skilled EU talent following the Trade Deal albeit historically few hires have been made directly from EU member countries.



N H Maru

Director

22 January 2021

# Segantii Capital Management (UK) Limited

## Consolidated Annual Financial Statements for the year ended 30 September 2020

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### Directors' report

The directors present their report and the audited financial statements of the Group for the year ended 30 September 2020.

#### Directors

The directors of the Group who held office during the year were as follows:

N H Maru  
D M Sayer

#### Future developments

The Group is exploring new business opportunities and to further develop its existing business as it seeks to grow its business within the United Kingdom and United States. As mentioned in the Group strategic report, the business has adapted to meet the challenges faced by COVID-19 and Brexit and will continue to adapt to allow continued growth of the business.

#### Going concern

The Group has financial resources and the support of its parent and as a consequence, the directors believe that the Group is well placed to manage its business risks and comply with its regulatory capital requirements. Supported by detailed modelling undertaken to assess the impact of base and worst-case scenarios including liquidity headroom, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet its liabilities as they fall due for the next 12 months from the approval date of these accounts. Accordingly, the directors continue to adopt the going concern basis in preparing the annual reports and accounts.

#### Results and Dividends

The Consolidated statement of profit or loss and other comprehensive income is set out on page 9 and the Consolidated statement of changes in equity is disclosed on page 12.

The directors do not propose to pay any dividends in respect of the current year (2019 - £nil).

#### Pillar 3

The company is required by its regulator, the Financial Conduct Authority to make disclosure of risk management, regulatory capital and remuneration in accordance with Pillar 3 of the Capital Requirement Directive. This disclosure is available on <http://www.optima-partners.com/pillar-3>.

#### Events since the Statement of financial position date

As mentioned in the Group strategic report, with the terms of Brexit agreed, on 24 December 2020, the Company may face some legal, tax and regulatory uncertainty. Whilst operational events may suffer from an elevated volume of legal or operational tasks the Directors do not expect the terms of the Trade Deal to impact the ability of the Fund to access markets or cause investors to redeem.

#### Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

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#### Director's report *continued*

##### Statement of director's responsibilities

The directors are responsible for preparing the directors' report, the Group strategic report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business as a going concern.

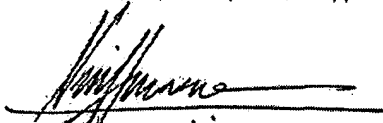
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006.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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

##### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant information and to establish that the company's auditors are aware of that information.

The director's report was approved and was signed on behalf of the board by:



N.H. Maru  
Director  
22 January 2021

# Segantii Capital Management (UK) Limited

## Independent auditors' report to the members of Segantii Capital Management (UK) Limited

### Opinion

We have audited the financial statements of Segantii Capital Management (UK) Limited ('the parent company') and its subsidiary (together, the 'group') for the year ended 30 September 2020 which comprise the Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of financial position, Company statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 30 September 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

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

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



# Segantii Capital Management (UK) Limited

## Independent auditors' report to the members of Segantii Capital Management (UK) Limited

### **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 directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

## Segantii Capital Management (UK) Limited

### Independent auditors' report to the members of Segantii Capital Management (UK) Limited

#### Use of our report

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

*Ernst & Young LLP*

Irene Psalti (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

*25 January 2021*

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Consolidated statement of comprehensive income

	Notes	30 Sep 2020 £	30 Sep 2019 £
Revenue from advisory services		23,195,793	21,749,182
Other income		964,166	611,154
<b>Turnover</b>	5	<b>24,159,959</b>	<b>22,360,336</b>
Administrative expenses	6	(19,488,053)	(12,655,115)
<b>Operating profit</b>		<b>4,671,906</b>	<b>9,705,221</b>
Finance costs		(36,647)	(26,104)
<b>Profit before tax from continuing operations</b>		<b>4,635,259</b>	<b>9,679,117</b>
Income tax expense	9	(880,832)	(1,804,311)
<b>Profit for the year</b>		<b>3,754,427</b>	<b>7,874,806</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,754,427</b>	<b>7,874,806</b>

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

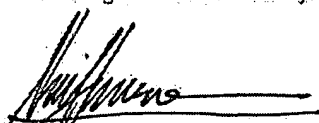
*The accounting policies and explanatory notes on pages 14-21 form an integral part of the financial statements.*

**Consolidated Annual Financial Statements for the year ended 30 September 2020**

**Consolidated statement of financial position**

	Notes	As at 30 Sep 2020 £	As at 30 Sep 2019 £
<b>Fixed assets</b>			
Property, plant and equipment	10	<u>422,684</u>	<u>112,406</u>
		422,684	112,406
<b>Current assets</b>			
Trade and other receivables	12	30,074,688	23,660,597
Cash and short term deposits	13	<u>1,627,675</u>	<u>1,072,917</u>
		31,702,363	24,733,514
<b>Current liabilities</b>			
Trade and other payables	14	<u>(13,995,651)</u>	<u>(10,498,804)</u>
<b>Net current assets</b>		<u>17,706,712</u>	<u>14,234,710</u>
<b>Total assets less current liabilities</b>		<u>18,129,396</u>	<u>14,347,116</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(634,850)</u>	<u>(606,997)</u>
<b>Net assets</b>		<u>17,494,546</u>	<u>13,740,119</u>
<b>Capital and reserves</b>			
Issued share capital	16	2,696,721	2,696,721
Retained earnings		14,797,825	11,043,398
<b>Shareholders' funds</b>		<u>17,494,546</u>	<u>13,740,119</u>

The financial statements have been authorised for issue by the Board of Directors on 22 January 2021 and were signed on its behalf by:

  
 N. H. Maru  
 Director

*The accounting policies and explanatory notes on pages 14-21 form an integral part of the financial statements.*

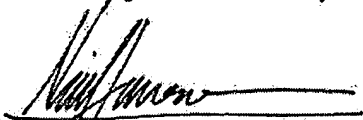
**Segantii Capital Management (UK) Limited**

Registration No. 08926874

**Consolidated Annual Financial Statements for the year ended 30 September 2020****Company statement of financial position**

	Notes	As at 30 Sep 2020 £	As at 30 Sep 2019 £
<b>Fixed assets</b>			
Property, plant and equipment	10	371,090	112,406
Investments	11	8	-
		<u>371,098</u>	<u>112,406</u>
<b>Current assets</b>			
Trade and other receivables	12	30,307,267	23,660,597
Cash and short term deposits	13	1,626,893	1,072,917
		<u>31,934,160</u>	<u>24,733,514</u>
<b>Current liabilities</b>			
Trade and other payables	14	(13,961,524)	(10,498,804)
<b>Net current assets</b>		<u>17,972,636</u>	<u>14,234,710</u>
<b>Total assets less current liabilities</b>		<u>18,343,734</u>	<u>14,347,116</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(634,850)</u>	<u>(606,997)</u>
<b>Net assets</b>		<u>17,708,884</u>	<u>13,740,119</u>
<b>Capital and reserves</b>			
Issued share capital	16	2,696,721	2,696,721
Retained earnings		15,012,163	11,043,398
<b>Shareholders' funds</b>		<u>17,708,884</u>	<u>13,740,119</u>

The financial statements have been authorised for issue by the Board of Directors on 22 January 2021 and were signed on its behalf by:



N.H. Maru  
Director

The accounting policies and explanatory notes on pages 14-21 form an integral part of the financial statements.

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Consolidated statement of changes in equity

For the year ended 30 September 2019 and 30 September 2020

	Notes	Issued share capital £	Retained earnings £	Total £
As at 1 October 2018		2,696,721	3,168,592	5,865,313
Profit for the period		-	7,874,806	7,874,806
As at 30 September 2019		2,696,721	11,043,398	13,740,119
Profit for the period		-	3,754,427	3,754,427
As at 30 September 2020		<u>2,696,721</u>	<u>14,797,825</u>	<u>17,494,546</u>

#### Company statement of changes in equity

For the year ended 30 September 2019 and 30 September 2020

	Notes	Issued share capital £	Retained earnings £	Total £
As at 1 October 2018		2,696,721	3,168,592	5,865,313
Profit for the period		-	7,874,806	7,874,806
As at 30 September 2019		2,696,721	11,043,398	13,740,119
Profit for the period		-	3,968,765	3,968,765
As at 30 September 2020		<u>2,696,721</u>	<u>15,012,163</u>	<u>17,708,884</u>

*The accounting policies and explanatory notes on pages 14-21 form an integral part of the financial statements.*

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Consolidated statement of cash flows

	Notes	2020 £	2019 £
<b>Operating activities</b>			
Profit before tax from continuing operations		4,635,259	9,679,117
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment		122,528	81,113
Loss on disposal of PPE		-	-
Working capital adjustments:			
Increase/decrease in trade and other debtors	12	(6,501,469)	(10,989,032)
Increase/decrease in trade and other creditors	14	4,457,758	2,596,529
		<u>2,714,076</u>	<u>1,367,727</u>
Income tax paid		(1,726,512)	(1,212,867)
<b>Net cash flows from operating activities</b>		<u><b>987,564</b></u>	<u><b>154,860</b></u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	10	(432,806)	(82,137)
<b>Net cash flows from investing activities</b>		<u><b>(432,806)</b></u>	<u><b>(82,137)</b></u>
<b>Financing activities</b>			
Proceeds from issue of shares	16	-	-
<b>Net cash flows from financing activities</b>		<u><b>-</b></u>	<u><b>-</b></u>
Net increase in cash and cash equivalents		554,758	72,723
Cash and cash equivalents at 1 October		1,072,917	1,000,194
<b>Cash and cash equivalents at 30 September</b>		<u><b>1,627,675</b></u>	<u><b>1,072,917</b></u>

The accounting policies and explanatory notes on pages 14-21 form an integral part of the financial statements.

# Segantii Capital Management (UK) Limited

## Consolidated Annual Financial Statements for the year ended 30 September 2020

### Notes to the financial statements

#### 1 Company information

Segantii Capital Management (UK) Limited ("the Company") is a private company limited by shares and is incorporated in England. The registered office is 6th Floor 130 Jermyn Street, London, England, SW1Y 4UR.

On 1 December 2017, the Company was authorised by the FCA to provide regulated products and services.

On 11 June 2020, the company incorporated a subsidiary Segantii Capital Management (USA) LLC in Delaware, United States. The subsidiary was established to provide investment management services in the US and is a registered investment adviser with the US SEC.

#### 2 Accounting policies

##### 2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Sterling (£), which is the functional currency of the Parent Company.

##### 2.2 Summary of significant accounting policies

###### a) Basis of consolidation

The Group financial statements consolidate the financial statements of Segantii Capital Management Limited and its subsidiary, Segantii Capital Management (USA) LLC made up to 30 September 2020. All intercompany transactions and balances have been eliminated in the Group financial statements.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The profit for the current year for the Company is £3,968,765, (2019: £7,874,806).

###### b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following criteria must also be met before revenue is recognised. Fees receivable for investment advisory services provided during the year are only recognised when the group obtains the right to receive consideration in exchange for its performance.

###### c) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.



## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Notes to the financial statements

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

##### d) Leasing

Rentals paid under operating leases are charged to the profit and loss account as they fall due.

##### e) Financial instruments

###### General

Financial instruments are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value.

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

###### Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102. All of the Company's financial instruments are classified as basic, with the exception of the Foreign Exchange Contracts and Current Asset Investments that the Company enters into from time to time.

###### Subsequent measurement

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. Foreign Exchange Contracts and Current Asset Investments are initially held at cost then subsequently measured a fair value through the Income Statement.

###### Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

##### f) Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset. The Group is not recognising tax losses on the expectation that it will generate profits in the future to utilise these losses is uncertain.

##### g) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Notes to the financial statements

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

##### h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and provision for impairment, where impairment is expected to be permanent. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

<i>Computer equipment</i>	<i>3 years</i>
<i>Fixtures &amp; Fittings</i>	<i>5 years</i>
<i>Leasehold improvements</i>	<i>3 years</i>

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

##### i) Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

#### 3 Going concern

The Group has financial resources and the support of its parent and as a consequence, the directors believe that the Group is well placed to manage its business risks and comply with its regulatory capital requirements. Supported by detailed modelling undertaken to assess the impact of base and worst-case scenarios including liquidity headroom, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to meet its liabilities as they fall due for the next 12 months from the approval date of these accounts. Accordingly, the directors continue to adopt the going concern basis in preparing the annual reports and accounts.

#### 4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the opinion of the directors, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their disclosure in the financial statements.

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Notes to the financial statements

##### 5 Turnover

Turnover comprises of revenue recognised by the Group in respect of continuing operations in the United Kingdom comprising primarily of advisory services supplied during the period, exclusive of Value Added Tax. There is a transfer pricing policy that is in place where the revenue is distributed based on a profit split method (PSM).

Per the requirements of Mifid II Article 24 the Company has created a research payment account (RPA) with an absolute annual budget funded by client money. No client money is held by the Company. The Company makes direct charges for research and has hence recognised £964,162 (2019: £611,135) of RPA income during the year.

The following criteria must also be met before revenue is recognised. Fees receivable for investment advisory services provided during the year are only recognised when the group obtains the right to receive consideration in exchange for its performance.

	2020	2019
	£	£
Revenue from advisory services	23,195,797	21,749,201
Other income - research	964,162	611,135
	<u>24,159,959</u>	<u>22,360,336</u>

##### 6 Operating profit

This is stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration:		
Fees payable to the Company's auditor and its associates for the audit of the parent Company and the Group's consolidated financial statements	44,500	31,000
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	18,582	-
Depreciation	122,528	76,113
Operating lease payments	248,598	114,536
	<u>248,598</u>	<u>114,536</u>

##### 7 Staff costs

	2020	2019
	£	£
Wages and salaries	13,878,739	9,996,233
Social security costs	1,931,051	1,371,040
	<u>15,809,790</u>	<u>11,367,273</u>

The average number of employees during the period was 27 (2019 - 19).

##### 8 Directors' emoluments

The total directors' emoluments paid by the Group during the year was £3,817,508 (2019: £2,360,358), for one of its directors.

The other director is directly employed and remunerated by Segantii Capital Management Limited, the parent Company which is based in Hong Kong.

Key management personnel consists of the directors of the Group.

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Notes to the financial statements

#### 9 Income tax

The major components of income tax expense for the year ended 30 September 2020 and 2019 are:

	2020	2019
	£	£
<b>Current income tax:</b>		
Current income tax charge	757,870	2,095,302
Adjustments in respect of current income tax of previous year	35,584	-
Deferred tax (asset)/liability	87,378	(290,991)
	<u>880,832</u>	<u>1,804,311</u>

Reconciliation of tax expense and the accounting profit multiplied by United Kingdom's domestic tax rate for 2020 and 2019:

	2020	2019
	£	£
Accounting profit before tax from continuing operations	4,635,259	9,679,117
At the statutory income tax rate of 19% (2019 - 19%)	880,699	1,839,032
Tax effect of:		
Disallowable expenses	2,914	6,136
Adjustments in respect of current income tax of previous years	35,584	-
Difference in tax rates	(79,089)	(40,857)
Unrecognised tax losses	40,724	-
Income tax expense	<u>880,832</u>	<u>1,804,311</u>

The deferred tax asset recognised is based on timing differences between the accounting treatment and tax treatment of certain expenses and amounts to £426,114 (2019 - £466,550). This is offset by deferred tax liability based on fixed assets amounting to £65,461 (2019 - £18,518) resulting in a net deferred tax asset of £360,653 (2019 - £448,031).

The Government had previously announced its intention to reduce the main corporation tax rate to 17% from 1 April 2020 as part of the Finance Bill 2016. The Government has proposed as part of the Finance Bill 2020 that the main corporation tax rate will remain at 19% for financial years beginning 1 April 2020 and 1 April 2021.

#### 10 Property, plant and equipment

Group:	Leasehold improvements	Computer Equipment	Total
	£	£	£
Cost brought forward	218,460	216,595	435,055
Additions	230,389	202,417	432,806
Cost carried forward	<u>448,849</u>	<u>419,012</u>	<u>867,861</u>
Depreciation brought forward	166,664	155,985	322,649
Depreciation charge	67,789	54,739	122,528
Depreciation carried forward	<u>234,453</u>	<u>210,724</u>	<u>445,177</u>
Net book value as at 30 September 2020	<u>214,396</u>	<u>208,288</u>	<u>422,684</u>
Net book value as at 30 September 2019	<u>51,796</u>	<u>60,610</u>	<u>112,406</u>

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Notes to the financial statements

#### 10 Property, plant and equipment *continued*

Company:	Leasehold improvements	Computer Equipment	Total
	£	£	£
Cost brought forward	218,460	216,595	435,055
Additions	230,389	150,823	381,212
Cost carried forward	<u>448,849</u>	<u>367,418</u>	<u>816,267</u>
Depreciation brought forward	166,664	155,985	322,649
Depreciation charge	67,789	54,739	122,528
Depreciation carried forward	<u>234,453</u>	<u>210,724</u>	<u>445,177</u>
Net book value as at 30 September 2020	<u>214,396</u>	<u>156,694</u>	<u>371,090</u>
Net book value as at 30 September 2019	<u>51,796</u>	<u>60,610</u>	<u>112,406</u>

#### 11 Investments

Company:	2020	2019
	£	£
Investments	<u>8</u>	<u>-</u>

During the year, the Company incorporated a subsidiary Company, Segantii Capital Management (USA) LLC, which is based in the United States. The investment represents a capital subscription of 10 US dollars in return for a 100% interest in the business. The principal activity of the subsidiary is to provide sub advisory services to the parent Company.

#### 12 Trade and other receivables

Group:	2020	2019
	£	£
Other receivables	884,856	770,278
Receivables from related parties (Note 18)	29,189,832	22,890,319
	<u>30,074,688</u>	<u>23,660,597</u>
Company:	2020	2019
	£	£
Other receivables	838,686	770,278
Receivables from related parties (Note 18)	29,468,581	22,890,319
	<u>30,307,267</u>	<u>23,660,597</u>

#### 13 Cash and short term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Group:	2020	2019
	£	£
Cash at bank and on hand	1,627,675	1,072,917
Cash and cash equivalents	<u>1,627,675</u>	<u>1,072,917</u>
Company:	2020	2019
	£	£
Cash at bank and on hand	1,626,893	1,072,917
Cash and cash equivalents	<u>1,626,893</u>	<u>1,072,917</u>

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Notes to the financial statements

#### 14 Trade and other payables: amounts falling due within 1 year

	2020	2019
	£	£
<b>Group:</b>		
Trade payables	16,579	-
Accruals and deferred income	10,757,710	8,800,198
Other payables	3,221,362	1,698,606
	<u>13,995,651</u>	<u>10,498,804</u>
	2020	2019
	£	£
<b>Company:</b>		
Trade payables	1,034	-
Accruals and deferred income	10,739,128	8,800,198
Other payables	3,221,362	1,698,606
	<u>13,961,524</u>	<u>10,498,804</u>

#### 15 Trade and other payables: amounts falling due after more than 1 year

	2020	2019
	£	£
<b>Group and Company:</b>		
Subordinated loan (Note 18)	634,850	606,997
	<u>634,850</u>	<u>606,997</u>

On 24 November 2017, the Company entered into a subordinated loan agreement with Segantii Capital Management Limited. The loan amounted to £555,533, is unsecured, is subject to interest at 5% per annum payable annually. At the year end, accrued interest amounted to £79,317 (2019 - £51,464).

No repayment of the loan shall be made earlier than a date not less than two years from the Borrower giving notice of such payment in writing to the Lender and the FCA or upon which an event of default occurs.

#### 16 Share capital

	2020	2019
	£	£
Allotted, called up, and fully paid:		
Ordinary shares of £1 each	2,696,721	2,696,721
	<u>2,696,721</u>	<u>2,696,721</u>

#### 17 Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases as at 30 September 2020 are, as follows:

	2020	2019
	£	£
<b>Group:</b>		
Within one year	294,596	156,096
After one year but not more than five years	24,550	169,104
	<u>319,146</u>	<u>325,200</u>
	2020	2019
	£	£
<b>Company:</b>		
Within one year	294,596	156,096
After one year but not more than five years	24,550	169,104
	<u>319,146</u>	<u>325,200</u>

## Segantii Capital Management (UK) Limited

### Consolidated Annual Financial Statements for the year ended 30 September 2020

#### Notes to the financial statements

##### 17 Operating lease commitments *continued*

During the year the Company entered into a new lease agreement for additional office space at its current premises. The minimum rentals payable under the agreement represent amounts payable by the Company until January 2022.

##### 18 Related party disclosures

###### Group:

The parent Company, Segantii Capital Management Limited, a Company incorporated in Hong Kong and the sole shareholder paid expenses on behalf of the Group totalling £16,024,333 (2019: £8,689,952).

As at the year end, an amount was due from Segantii Capital Management Limited amounting to £29,189,832 (2019: £22,890,319).

During the year, interest amounting to £27,853 (2019: £27,853) became payable to Segantii Capital Management Limited in respect of the subordinated loan from the parent Company. The amount due at the year end in respect of the loan and interest amounted to £634,850 (2019: £606,997).

The total directors' emoluments paid by the Group during the year was £3,817,508 (2019: £2,360,358), for one of its directors.

###### Company:

The parent Company, Segantii Capital Management Limited, a Company incorporated in Hong Kong and the sole shareholder paid expenses on behalf of the Company totalling £15,745,576 (2019: £8,689,952).

As at the year end, an amount was due from Segantii Capital Management Limited amounting to £29,468,581 (2019: £22,890,319).

During the year, interest amounting to £27,853 (2019: £27,853) became payable to Segantii Capital Management Limited in respect of the subordinated loan from the parent Company. The amount due at the year end in respect of the loan and interest amounted to £634,850 (2019: £606,997).

The total directors' emoluments paid by the Company during the year was £3,817,508 (2019: £2,360,358), for one of its directors.

##### 19 Ultimate Controlling Party

The Group is controlled by Segantii Capital Management Limited registered at 6/F Alexandra House 18 Chater Road Central Hong Kong, which is based in Hong Kong and is the sole shareholder of Segantii Capital Management (UK) Limited.

The ultimate parent is Segantii Capital Management (Cayman) Limited.

##### 20 Events after the balance sheet date

As mentioned in the Group Strategic report, with the terms of Brexit agreed, on 24 December 2020, the Company may face some legal, tax and regulatory uncertainty. Whilst operational events may suffer from an elevated volume of legal or operational tasks the Directors do not expect the terms of the Trade Deal to impact the ability of the Fund to access markets or cause investors to redeem.