

**UGM SECURITIES LTD**

**REPORT AND FINANCIAL STATEMENTS**

Year ended 31 December 2020

# UGM SECURITIES LTD

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## REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2020

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# UGM SECURITIES LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Savvas Zannetos  
Zhaslan Adilbaev  
Ruslan Adilbaev  
Natalia Milovanova  
Askhat Sagdiev

**Company Secretary:**

Savvas Zannetos

**Independent Auditors:**

Finexpert Audit Limited  
Chartered Certified Accountants

**Registered office:**

20 Spyrou Kyprianou street  
Office 102, Agioi Omologites  
1075 Nicosia  
Cyprus

**Bankers:**

Hellenic Bank Public Company Ltd  
LLC Univer Capital  
PJSC Rosbank

**Registration number:**

HE 360073

# UGM SECURITIES LTD

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2020.

### **Principal activities and nature of operations of the Company**

The company is a Cyprus Investment Firm with the licence number CIF 352/17 and the principle activity is the fund management services.

### **Review of current position, future developments and performance of the Company's business**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7 and 21 of the financial statements.

#### **Market price risk**

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

#### **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments as well as credit exposures to outstanding receivables and contract assets.

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

#### **Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

### **Results**

The Company's results for the year are set out on page 7.

### **Dividends**

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

### **Share capital**

There were no changes in the share capital of the Company during the year under review.

# UGM SECURITIES LTD

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## REPORT OF THE BOARD OF DIRECTORS

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

### **Independent Auditors**

The Independent Auditors, Finexpert Audit Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Savvas Zannetos  
Secretary

Nicosia, 21 January 2021

## Independent Auditor's Report

### To the Members of UGM Securities Ltd

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of UGM Securities Ltd (the "Company"), which are presented in pages 7 to 25 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the report of the Board of Directors and the additional information to the statement of profit or loss and other comprehensive income in pages 26 to 28, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

##### Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Alternative but to do so, OFFICE A32, 3RD FLOOR, 1075 NICOSIA - CYPRUS

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[www.finexpertaudit.com](http://www.finexpertaudit.com)

# **Independent Auditor's Report (continued)**

## **To the Members of UGM Securities Ltd**

### **Responsibilities of the Board of Directors for the Financial Statements (continued)**

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### **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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

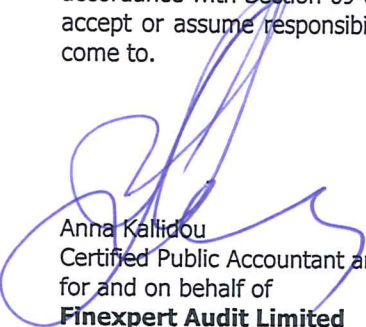
- In our opinion, the Report of the Board of Directors has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Directors.

## **Independent Auditor's Report (continued)**

### **To the Members of UGM Securities Ltd**

#### **Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Anna Kallidou  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Finexpert Audit Limited**  
**Chartered Certified Accountants**

Nicosia, 21 January 2021

# UGM SECURITIES LTD

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 €	2019 €
<b>Revenue</b>	8	<b>1,070,938</b>	352,602
Staff costs	11	<b>(307,119)</b>	(212,637)
Depreciation and amortisation expense		<b>(42,350)</b>	(12,688)
Administration and other expenses	9	<b>(213,699)</b>	(156,095)
<b>Operating profit/(loss)</b>	10	<b>507,771</b>	(28,818)
Net finance costs	12	<b>(327,185)</b>	(38,879)
<b>Profit/(loss) before tax</b>		<b>180,586</b>	(67,697)
Tax	13	-	-
<b>Net profit/(loss) for the year</b>		<b>180,586</b>	(67,697)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>180,586</b>	(67,697)

The notes on pages 11 to 25 form an integral part of these financial statements.

# UGM SECURITIES LTD

## STATEMENT OF FINANCIAL POSITION 31 December 2020

	Note	2020 €	2019 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	726,219	26,192
Investor compensation fund	17	42,715	42,715
		<u>768,934</u>	<u>68,907</u>
<b>Current assets</b>			
Trade and other receivables	15	221,976	147,493
Financial assets at fair value through profit or loss	16	-	461,335
Cash at bank and in hand	18	2,083,896	2,330,315
		<u>2,305,872</u>	<u>2,939,143</u>
<b>Total assets</b>		<u><b>3,074,806</b></u>	<u><b>3,008,050</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	3,500,000	3,500,000
Accumulated losses		(474,362)	(654,948)
<b>Total equity</b>		<u><b>3,025,638</b></u>	<u><b>2,845,052</b></u>
<b>Current liabilities</b>			
Trade and other payables	20	49,168	162,998
		<u>49,168</u>	<u>162,998</u>
<b>Total equity and liabilities</b>		<u><b>3,074,806</b></u>	<u><b>3,008,050</b></u>

On 21 January 2021 the Board of Directors of UGM Securities Ltd authorised these financial statements for issue.

 ..... Savvas Zannetos Director	 ..... Zhaslan Adilbaev Director	 ..... Ruslan Adilbaev Director
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The notes on pages 11 to 25 form an integral part of these financial statements.

# UGM SECURITIES LTD

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Share capital €	Accumulated losses €	Total €
<b>Balance at 1 January 2019</b>		<b>1,000,000</b>	<b>(587,251)</b>	<b>412,749</b>
Net loss for the year		-	(67,697)	(67,697)
<b>Transactions with owners</b>				
Issue of share capital	19	2,500,000	-	2,500,000
<b>Balance at 31 December 2019/ 1 January 2020</b>		<b>3,500,000</b>	<b>(654,948)</b>	<b>2,845,052</b>
Net profit for the year		-	180,586	180,586
<b>Balance at 31 December 2020</b>		<b>3,500,000</b>	<b>(474,362)</b>	<b>3,025,638</b>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% and GHS contribution at 1.7%-2,65% for deemed distributions after 1 March 2019 will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 11 to 25 form an integral part of these financial statements.

# UGM SECURITIES LTD

## STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 €	2019 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>		<b>180,586</b>	(67,697)
Adjustments for:			
Depreciation of property, plant and equipment	14	<b>42,350</b>	12,688
Unrealised exchange loss/(profit)		<b>269,795</b>	(25,780)
Fair value gains on financial assets at fair value through profit or loss		<b>(9,732)</b>	(36,175)
Interest income	8	<b>(2,007)</b>	(29,482)
Interest expense	12	<b>526</b>	-
		<b>481,518</b>	(146,446)
<b>Changes in working capital:</b>			
Increase in trade and other receivables		<b>(74,483)</b>	(145,305)
Decrease/(increase) in financial assets at fair value through profit or loss		<b>471,067</b>	(442,814)
Increase in bank deposits		-	(2,627)
(Decrease)/increase in trade and other payables		<b>(113,830)</b>	152,420
<b>Cash generated from/(used in) operations</b>		<b>764,272</b>	(584,772)
Interest received		<b>2,007</b>	29,482
<b>Net cash generated from/(used in) operating activities</b>		<b>766,279</b>	(555,290)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment	14	<b>(742,377)</b>	(571)
<b>Net cash used in investing activities</b>		<b>(742,377)</b>	(571)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		-	2,500,000
Unrealised exchange (loss)/profit		<b>(269,795)</b>	25,779
Interest paid		<b>(526)</b>	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(270,321)</b>	2,525,779
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(246,419)</b>	1,969,918
Cash and cash equivalents at beginning of the year		<b>2,327,688</b>	357,770
<b>Cash and cash equivalents at end of the year</b>	18	<b>2,081,269</b>	2,327,688

The notes on pages 11 to 25 form an integral part of these financial statements.

# UGM SECURITIES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 1. Incorporation and principal activities

#### Country of incorporation

The Company UGM Securities Ltd (the "Company") was incorporated in Cyprus on 15 September 2016 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 20 Spyrou Kyprianou street, Office 102, Agioi Omologites, 1075 Nicosia, Cyprus.

#### Principal activities

The company is a Cyprus Investment Firm with the licence number CIF 352/17 and the principle activity is the fund management services.

### 2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

### 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

#### Revenue

##### Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 4. Significant accounting policies (continued)

#### Revenue recognition (continued)

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

#### Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a Customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a Customer.

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2020 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity. When financial assets at fair value through other comprehensive income are sold or impaired, the accumulated fair value adjustments are transferred to retained earnings.

- **Commission income**

Commission income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

#### Employee benefits

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

#### Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 4. Significant accounting policies (continued)

#### Foreign currency translation

**(1) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

**(2) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss.

#### Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

#### Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	3%
Motor vehicles	20%
Furniture, fixtures and office equipment	10%
Computer equipment	20%
Computer software	33.33%

No depreciation is provided on land.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 4. Significant accounting policies (continued)

#### Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### Financial instruments

##### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

##### Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 6, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

##### Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

# UGM SECURITIES LTD

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 4. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

##### Financial liabilities - Modifications

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

##### Share capital

Ordinary shares are classified as equity.

##### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

### 6. Financial risk management

#### Financial risk factors

The Company is exposed to market price risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

#### 6.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

#### 6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments as well as outstanding receivables.

##### *(i) Risk management*

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Company to reduce its credit risk significantly.

##### *(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- cash and cash equivalents

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 6. Financial risk management (continued)

#### 6.2 Credit risk (continued)

##### *(ii) Impairment of financial assets (continued)*

- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### *Low credit risk*

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

##### *Default*

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. (Note: there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. IFRS 7 para 35F(d) how it determined that financial assets are credit-impairment financial assets.)

##### *Write-off*

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company does not have any material debt financial assets that are subject to the impairment requirements of IFRS 9 and their contractual cash flows have been modified.

#### 6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 6. Financial risk management (continued)

#### 6.3 Liquidity risk (continued)

<b>31 December 2020</b>	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €
Trade and other payables	29,152	29,152	-	29,152	-	-
Payables to related parties	437	437	-	437	-	-
	<b>29,589</b>	<b>29,589</b>	<b>-</b>	<b>29,589</b>	<b>-</b>	<b>-</b>

<b>31 December 2019</b>	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €
Trade and other payables	147,780	147,780	-	147,780	-	-
Payables to related parties	218	218	-	218	-	-
	<b>147,998</b>	<b>147,998</b>	<b>-</b>	<b>147,998</b>	<b>-</b>	<b>-</b>

#### 6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and Russian Rouble. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	€	€	€	€
United States Dollars	-	133,531	257,241	609,115
	<b>-</b>	<b>133,531</b>	<b>257,241</b>	<b>609,115</b>

#### 6.5 Capital risk management

Capital includes equity shares .

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

### 7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 7. Critical accounting estimates and judgments (continued)

#### *Judgments*

The estimates and assumptions 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:

- **Going concern basis**

The Directors judge that it is appropriate to prepare the financial statements on the going concern basis.

- **Calculation of loss allowance**

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### *Critical judgements in applying the Company's accounting policies*

- **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 7. Critical accounting estimates and judgments (continued)

- Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

### 8. Revenue

The Company derives its revenue from contracts with Customers for the transfer of goods and services over time and at a point in time in the following major product lines.

	€	€
Commissions receivable	1,059,199	286,945
Interest income	2,007	29,482
Net fair value gains on financial assets at fair value through profit or loss	9,732	36,175
	<u>1,070,938</u>	<u>352,602</u>

### 9. Administration and other expenses

	2020	2019
	€	€
Licenses and taxes	550	-
Annual levy	350	-
Electricity	87	-
Water supply and cleaning	14	-
Insurance	1,827	1,913
Repairs and maintenance	1,199	654
Telephone and postage	1,681	2,280
Courier expenses	644	-
Stationery and printing	215	-
Subscriptions and contributions	96,579	58,715
Staff training	3,400	1,165
Sundry staff costs	2,940	-
Computer supplies and maintenance	1,094	2,726
Auditors' remuneration	5,000	3,000
Accounting fees	6,000	-
Legal fees	1,507	11,824
Other professional fees	45,660	40,996
Stamps	1,596	-
Fines	996	393
Commissions	19,384	-
Entertaining	-	3,990
Motor vehicle running costs	1,821	3,264
Domain and hosting	84	-
Administration expenses	4,072	8,337
Fixed annual contribution	8,000	8,438
Rent	7,000	8,400
Common expenses	608	-
Sundry expenses	1,391	-
	<u>213,699</u>	<u>156,095</u>

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 10. Operating profit/(loss)

	2020 €	2019 €
Operating profit/(loss) is stated after charging the following items:		
Staff costs (Note 11)	307,119	212,637
Auditors' remuneration	5,000	3,000

### 11. Staff costs

	2020 €	2019 €
Salaries	268,192	187,257
Social security costs	38,927	25,380
	307,119	212,637
Average number of employees	12	10

### 12. Finance costs

	2020 €	2019 €
Net foreign exchange (gains)/ losses	271,297	(25,780)
Interest expense	526	-
Bank charges	55,362	64,659
<b>Finance costs</b>	<b>327,185</b>	<b>38,879</b>

### 13. Tax

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2020 €	2019 €
Profit/(loss) before tax	180,586	(67,697)
Tax calculated at the applicable tax rates	22,573	(8,462)
Tax effect of expenses not deductible for tax purposes	-	2,043
Tax effect of allowances and income not subject to tax	(22,573)	(3,879)
Tax effect of tax loss for the year	-	10,298
<b>Tax charge</b>	<b>-</b>	<b>-</b>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 14. Property, plant and equipment

	Land and buildings	Motor vehicles	Furniture, fixtures and office equipment	Computer Software	Total
	€	€	€	€	€
<b>Cost</b>					
Balance at 1 January 2019	-	37,200	21,610	3,570	62,380
Additions	-	-	571	-	571
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>-</b>	<b>37,200</b>	<b>22,181</b>	<b>3,570</b>	<b>62,951</b>
Additions	695,628	40,087	6,662	-	742,377
<b>Balance at 31 December 2020</b>	<b>695,628</b>	<b>77,287</b>	<b>28,843</b>	<b>3,570</b>	<b>805,328</b>
<b>Depreciation</b>					
Balance at 1 January 2019	-	14,880	8,002	1,190	24,072
Charge for the year	-	7,440	4,057	1,190	12,687
<b>Balance at 31 December 2019/ 1 January 2020</b>	<b>-</b>	<b>22,320</b>	<b>12,059</b>	<b>2,380</b>	<b>36,759</b>
Charge for the year	20,869	15,457	4,834	1,190	42,350
<b>Balance at 31 December 2020</b>	<b>20,869</b>	<b>37,777</b>	<b>16,893</b>	<b>3,570</b>	<b>79,109</b>
<b>Net book amount</b>					
<b>Balance at 31 December 2020</b>	<b>674,759</b>	<b>39,510</b>	<b>11,950</b>	<b>-</b>	<b>726,219</b>
<b>Balance at 31 December 2019</b>	<b>-</b>	<b>14,880</b>	<b>10,122</b>	<b>1,190</b>	<b>26,192</b>

### 15. Trade and other receivables

	2020 €	2019 €
Trade receivables	209,813	146,257
Receivables from parent (Note 22.2)	342	-
Deposits and prepayments	-	1,236
Refundable VAT	11,821	-
	<b>221,976</b>	<b>147,493</b>

The Company does not hold any collateral over the trading balances.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

### 16. Financial assets at fair value through profit or loss

	2020 €	2019 €
Balance at 1 January	461,335	-
Additions	-	442,814
Disposals	(471,067)	-
Change in fair value	9,732	18,521
<b>Balance at 31 December</b>	<b>-</b>	<b>461,335</b>

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 16. Financial assets at fair value through profit or loss (continued)

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the statement of cash flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

### 17. Investor compensation fund

	2020	2019
	€	€
Balance at 1 January	<u>42,715</u>	42,715
<b>Balance at 31 December</b>	<u><b>42,715</b></u>	<u>42,715</u>

### 18. Cash at bank and in hand

Cash balances are analysed as follows:

	2020	2019
	€	€
Cash at bank and in hand	<u>2,081,269</u>	2,327,688
Bank deposits	<u>2,627</u>	2,627
	<u><b>2,083,896</b></u>	<u>2,330,315</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

### 19. Share capital

	2020 Number of shares	2020 €	2019 Number of shares	2019 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>3,500,000</u>	<u>3,500,000</u>	1,000,000	1,000,000
Additional issue of shares	<u>-</u>	<u>-</u>	2,500,000	2,500,000
<b>Balance at 31 December</b>	<u><b>3,500,000</b></u>	<u><b>3,500,000</b></u>	<u>3,500,000</u>	<u>3,500,000</u>

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 20. Trade and other payables

	2020	2019
	€	€
Trade payables	-	135,365
Social insurance and other taxes	7,078	11,811
Shareholders' current accounts - credit balances (Note 22.4)	437	-
Payables to parent (Note 22.3)	-	218
Accrued salaries	19,315	12,415
Accruals	12,501	3,189
Other creditors	9,837	-
	<u>49,168</u>	<u>162,998</u>

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

### 21. Operating Environment of the Company

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

### 22. Related party transactions

The Company is owned by Mr Zhaslan Adilbaev, tax resident of Cyprus, who owns 40% of the Company's shares and Mr Askhat Sagdiev, a Russian citizen who owns 60% of the company's shares.

The following transactions were carried out with related parties:

#### 22.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2020	2019
	€	€
Directors' fees	<u>126,240</u>	<u>113,608</u>
	<u>126,240</u>	<u>113,608</u>

# UGM SECURITIES LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

### 22. Related party transactions (continued)

#### 22.2 Receivables from parent company

<u>Name</u>	<u>Nature of transactions</u>	2020 €	2019 €
Elidi Capital Ltd	Finance	342	-
		<u>342</u>	<u>-</u>

The receivables from parent company were provided interest free, and there was no specified repayment date.

#### 22.3 Payables to parent company (Note 20)

<u>Name</u>	<u>Nature of transactions</u>	2020 €	2019 €
Elidi Capital Ltd	Finance	-	218
		<u>-</u>	<u>218</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

#### 22.4 Shareholders' current accounts - credit balances (Note 20)

	2020 €	2019 €
Shareholders' current account - credit balance	437	-
	<u>437</u>	<u>-</u>

The shareholders' current account is interest free, and has no specified repayment date.

### 23. Significant agreements with management

At the end of the year, no significant agreements existed between the Company and its Management.

### 24. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

### 25. Commitments

The Company had no capital or other commitments as at 31 December 2020.

### 26. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 4 to 6**

## UGM SECURITIES LTD

### DETAILED INCOME STATEMENT

Year ended 31 December 2020

	Page	2020 €	2019 €
<b>Revenue</b>			
Commissions receivable		<b>1,059,199</b>	286,945
Interest income		<b>2,007</b>	29,482
Net fair value gains on financial assets at fair value through profit or loss		<b>9,732</b>	36,175
Staff costs	27	<b>(307,119)</b>	(212,637)
Depreciation and amortisation expense		<b>(42,350)</b>	(12,688)
Discounts received		<b>1</b>	-
		<b>721,470</b>	127,277
Other operating expenses	27	<b>(213,699)</b>	(156,095)
<b>Operating profit/(loss)</b>		<b>507,771</b>	(28,818)
Finance costs	28	<b>(327,185)</b>	(38,879)
<b>Net profit/(loss) for the year before tax</b>		<b>180,586</b>	(67,697)

## UGM SECURITIES LTD

### OPERATING EXPENSES

Year ended 31 December 2020

	2020 €	2019 €
<b>Staff costs</b>		
Wages and salaries	268,192	187,257
Social insurance costs and other funds	38,927	25,380
	<u>307,119</u>	<u>212,637</u>

	2020 €	2019 €
<b>Other operating expenses</b>		
Licenses and taxes	550	-
Annual levy	350	-
Electricity	87	-
Water supply and cleaning	14	-
Insurance	1,827	1,913
Repairs and maintenance	1,199	654
Sundry expenses	1,391	-
Telephone and postage	1,681	2,280
Courier expenses	644	-
Stationery and printing	215	-
Subscriptions and contributions	96,579	58,715
Staff training	3,400	1,165
Sundry staff costs	2,940	-
Computer supplies and maintenance	1,094	2,726
Auditors' remuneration	5,000	3,000
Accounting fees	6,000	-
Legal fees	1,507	11,824
Other professional fees	45,660	40,996
Stamps	1,596	-
Fines	996	393
Commissions	19,384	-
Common expenses	608	-
Entertaining	-	3,990
Motor vehicle running costs	1,821	3,264
Domain and hosting	84	-
Administration expenses	4,072	8,337
Fixed annual contribution	8,000	8,438
Rent	7,000	8,400
	<u>213,699</u>	<u>156,095</u>

## UGM SECURITIES LTD

### FINANCE EXPENSES

Year ended 31 December 2020

	2020 €	2019 €
<b>Finance costs</b>		
<b>Interest expense</b>		
Bank overdraft interest	526	-
<b>Sundry finance expenses</b>		
Bank charges	55,362	64,659
<b>Net foreign exchange losses</b>		
Realised foreign exchange loss / (gain)	1,502	(25,780)
Unrealised foreign exchange loss	269,795	-
	<u>327,185</u>	<u>38,879</u>