Company Registration No. C 54256

FCS ASSET MANAGEMENT LTD

Annual Report and Financial Statements

31 December 2023

CONTENTS

GENERAL INFORMATION

Registration

FCS Asset Management Ltd (the "Company") was incorporated and registered in Malta on 28 October 2011, as a limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The Company's registration number is C 54256.

Directors

Mr. Jaime Agurruza Fatosme
Mr. Neal Rossignaud
Mr. Oscar Garcia Arroyo

Company secretary

Mr. Oscar Garcia Arroyo

Registered office

Suite W304, The Hub Workspace,
Triq Sant'Andrija,
San Gwann, SGN 1612,
Malta

Bankers

Bank of Valletta p.l.c.
58 Zachary Street
Valletta, VLT 1130
Malta

Banca March
Calle de Nunez de Balboa
70, Planta 2, 28006
Madrid

Auditors

Mazars Malta
The Watercourse, Level 2,
Mdina Road, Zone 2,
Central Business District,
Birkirkara, CBD2010,
Malta

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 2023.

Principal activity

The Company's principal activity is the provision of fund management services as well as fund administration services, in terms of the Investment Services Act, 1994. The Company also generates revenue from the ancillary services of private client management, investment advice and financial consultancy.

The Company is authorized as an 'Undertakings for Collective Investments in Transferable Securities' Management Company' pursuant to Directive 2009/65/EC and Article 6 of the Investment Services Act (Chapter 370 of the Laws of Malta) and as an 'Alternative Investment Fund Manager' pursuant to Directive 2011/61/EU and Article 6 of the Investment Services Act (Chapter 370 of the Laws of Malta). The Company is also recognized pursuant to Section 9A of the Investment Services Act, 1994 to provide fund administration services.

Results and dividends

The results for the year are set out in the statement of profit and loss and other comprehensive income on page 6. There were no dividends declared during 2023 and 2022. The movements in reserves are set out on the Statement of Changes in Equity on page 9.

Review of the business

The Company generated a loss before tax for the year ended 31 December 2023 of EUR 324,232 (2022: loss of EUR 247,075). The financial position of the Company, as disclosed in the Statement of Financial Position remains satisfactory; however, the directors expect the general level of operating activity will improve in the foreseeable future.

Principle risks and uncertainties

There are a number of risks that could potentially impact the activities of the Company which include, but are not limited to the following: credit risk, liquidity risk, currency risk, compliance / legislative risk, money laundering risks, administrative risks, etc.

The Company's objective in managing such risks is the creation of shareholders' value. In order to manage and mitigate such risks, the Company employs a number of risk management and compliance tools in its day-to-day operations. These include:

- Policies and procedures designed to reduce administrative risks and money laundering risks;
- Detailed Risk Management Policies;
- A Compliance Monitoring Programme including testing to assess efficacy of adopted policies and procedures;
- Rigorous checking and approval processes for all transactions / decisions.

Financial key performance indicators

The Company measures the achievement of its objectives by assessing various Key Performance Indicators ("KPIs") that illustrate the financial reality of the Company and also help understand how the Company is performing. KPIs act as good tools for the Board to determine whether the strategic targets are being achieved.

DIRECTORS' REPORT (CONTINUED)

Financial key performance indicators (continued)

Two of the most important performance indicators used by the Board are the Gross Profit Margin and Net Profit Margins. For this financial year the Gross Profit Margin was 99.16% (2022: 88.87%), whilst the Net Profit Margin was -74.47% (2021: -30.50%). The main reason for the increase in the Gross Profit Margin for the year was due to a decrease in the average % of direct costs involved in generating revenue during the year. The Net Profit Margin has decreased due the fact that in the current year there was a decrease in revenue and marginal increase in operational costs.

The current ratio is used to measure the Company's ability to meet it short term obligations, by measuring the Company's current assets to its current liabilities and expresses this in a ratio. This financial year's current ratio was 1.63 (2022: 1.78), showing that the Company has enough resources to meet its short-term obligations.

Finally, by measuring the level of earnings that the Company can generate from equity, the Return on Equity (ROE) ratio is used to determine the efficiency in generating profit and the ROE for this financial year was - 162.36% (2022: -112.65%).

The Board does not currently refer to non-financial KPIs, however the assessment of non-financial performance and the associated risk management is overseen as part of the Board's risk assessment and management framework.

Financial Risk Management and exposure

Note 26 to the financial statements provides details in connection with the Company's financial risk management objectives and policies and the financial risks to which it is exposed.

Directors

During the year ended 31 December 2023, the directors were as listed on page 2.

In accordance with the Company's Memorandum and Articles of Association, the present directors remain in office.

Statement of Director's responsibilities

The Companies Act, Cap. 386 of the Laws of Malta requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year.

The directors are responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements are prepared on the basis that the Company must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges relating to the accounting period, irrespective of the date of receipt or payment.

DIRECTORS' REPORT (CONTINUED)

Statement of Director's responsibilities (continued)

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. 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.

Compliance with Standard License Conditions

In accordance with Standard License Conditions ("SLCs") of Part BII and Part BIII of the Investment Services Rules for Investment Services License Holders which qualify as UCITS Management Companies and AIFMs respectively and Investment Services Rules for Recognised Persons issued by the MFSA, we report that during the reporting period, there were 2 regulatory breaches noted, as detailed below:

<u>Late Notification to the MFSA - Contravention of SLC 1.10(k) of Part BII and SLC 1.17(m) of Part BIII of the Investment Services Rules for Investment Services Providers:</u>

The Company notified the MFSA late of the capital contribution made on 30th December 2022 of €130,154.90. The Company notified the MFSA of capital contribution made on 30th December 2022 on 19th May 2023. In 2020 Mr Jaime Aguruzza Fatosme granted a €150,000 credit facility to FCS Asset Management Ltd. Thereafter, a total amount of €130,154.90 had been borrowed as at the date of such agreement, which remained outstanding. On 31st December 2022 Mr Jaime Aguruzza Fatosme assigned the credit amount of €130,154.90 to FCS Group Ltd, the parent company of FCS Asset Management Ltd. On 31st December 2022, FCS Group Ltd converted the full amount of credit due into a capital contribution. On 30th December 2022, FCS Asset Management Ltd also entered into a Credit Facility Agreement with FCS Group Ltd, for a maximum credit facility of €200,000. During 2020, FCS Asset Management Ltd entered into Credit Facility Agreement with Mr Jaime Aguruzza Fatosme with a maximum drawdown of €150k. The credit facility was drawn down as follows:

- 31/07/2020 - €30k
- 04/09/2020 - €20k
- 30/09/2020 - €60k
- 09/10/2020 - €20k

<u>Late Notification to the MFSA - Contravention of SLC 1.10(k) of Part BII and SLC 1.17(m) of Part BIII of the Investment Services Rules for Investment Services Providers:</u>

The Company notified the MFSA late of the capital contribution made on 31st March of €70,000. The Company notified the MFSA of capital contribution made on 31st March 2023 on 19th May 2023. Mr Jaime Aguruzza Fatosme entered into a Loan Facility Agreement with FCS Group Ltd on 27th January 2023. Further to the Credit Facility Agreement entered into between FCS Asset Management Ltd and FCS Group Ltd on 30th December 2022, this €70,000 was further drawn down from the credit facility. Such amount was thereafter converted into contributed capital on 31st March 2023. This was also approved via Board Resolution.

The above regulatory breaches were noted and discussed with the MFSA and were closed on 30th June 2023.

On 5th July 2023 the Authority reached out to the Company to hold a meeting on 27th July 2023 with respect to certain queries on the management letter for the Annual Financial Statements of 2023.

The Company provided its respective responses and thereafter also discussed with the Authority the respective matters during the supervisory meeting held on 27th July 2023. Further to the meeting, the Authority requested for further documentation which was duly provided by the Company.

DIRECTORS' REPORT (CONTINUED)

Subsequent events

The escalation of Ukraine War remains a matter of concern in the short and intermedium terms.

Although we have no direct or indirect interest in Russian assets, the escalation of the war coupled with the approved broader economic sanctions against Russia has provoked increasingly side wards effects in commodities prices, especially in Gas and Oil and Materials adding to the already seen sticky inflation worldwide. The situation, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, has driven a sharp increase in volatility across markets.

Renovated tensions in the middle east, over the war in Gaza and broader security issues in the region has also become a matter of concern in the short and medium term as well as effects in commodities prices, mainly in Gas and Oil. Volatility is also expected to remain high and economic growth to be challenged by the effects of the "higher for longer" monetary policy and the geopolitical risks.

The Directors regard these events for the managed Funds and any of their respective sub-funds as non-adjusting events after the reporting period. Although neither the Managed Funds and/or any of their sub-fund's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Directors continue to monitor the evolving situation and its impact on the financial position of the Managed Funds and/or any of the sub-funds.

The Company changed its registered and business address with effect from 22nd January 2024 from Beaumont Place, 40/2, Main Street, Balzan BZN 1259 to - Suite W304, The Hub Workspace, Triq Sant' Andrija, San Gwann SGN 1612.

On 25th January 2024, the Authority reached out to the Company following up from the supervisory meeting held on 27th July 2023. The Company provided the requested responses by 26th February 2024.

On 23rd February 2024, the Company reached out to the Authority informing them of the intent to voluntarily surrender its authorisation as a Recognised Fund Administrator. Such a decision has been taken by the Company from a purely financial perspective. The Company is currently in the final stages of surrender of such authorization.

During 2024, up until the date of this report, the Company received additional loans amounting to €255,400 from FCS Group Ltd, the Company's parent company to facilitate the day-to-day cash flow obligations. From these loans, €133,000 were converted to Contributed Capital.

No other events took place between the end of the Reporting Period and the date of the approval of these financial statements that would require disclosure in or adjustments to the amounts recognized in these financial statements.

Auditors

Mazars Malta, have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

The Directors' Report was approved by the Board of Directors and was signed on its behalf by:

MR. JAIME AGURRUZA FATOSME **DIRECTOR**	**MR. NEAL ROSSIGNAUD** **DIRECTOR**

29 April 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Notes	**2023 EUR**	2022 EUR
Revenue	4	**439,915**	810,120
Direct costs	5	**(8,177)**	(90,167)
Gross profit		**431,738**	719,953
Administrative expenses	6	**(737,086)**	(990,288)
Net impairment (loss)/gain on financial assets		**(65,406)**	12,446
Waiver of amounts payable		**-**	18,134
Other income/(expenses)		**46,566**	(6,540)
Operating loss		**(324,188)**	(246,295)
Finance costs	8	**(44)**	(780)
Loss before tax		**(324,232)**	(247,075)
Income tax expense	9	**-**	-
Loss for the year		**(324,232)**	(247,075)
Total comprehensive income for the year, net of tax:			
Other comprehensive income, net of tax		**-**	-
Total comprehensive loss for the year		**(324,232)**	(247,075)

The accounting policies and explanatory notes on pages 11 to 36 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes	2023 EUR	2022 EUR
Assets			
Non-current assets			
Intangible assets	10	**957**	-
Property and equipment	11	**19,741**	22,368
Investment in subsidiaries	12	**12,000**	12,000
Financial assets	13	**2**	2
		32,700	34,370
Current assets			
Right of use assets	20	**-**	6,260
Trade and other receivables	14	**414,212**	362,473
Income tax receivable		**10,997**	10,997
Cash and cash equivalents	15	**6,609**	33,382
		431,818	413,112
Total assets		**464,518**	447,482
Equity and liabilities			
Equity			
Share capital	16	**125,000**	125,000
Capital contribution reserve	17	**479,457**	174,857
Investor compensation scheme	18	**-**	1,944
Accumulated losses/Retained earnings		**(404,760)**	(82,472)
Total equity		**199,697**	219,329
Current liabilities			
Bank overdraft	15	**32**	1,273
Trade and other payables	19	**264,789**	220,424
Lease liabilities	20	**-**	6,456
		264,821	228,153
Total equity and liabilities		**464,518**	447,482

The accounting policies and explanatory notes on pages 11 to 36 form an integral part of the financial statements.

The financial statements on pages 6 to 36 have been approved and authorised for issue by the Board of Directors on 29 April 2024, and were signed on its behalf by:

MR. JAIME AGURRUZA FATOSME
DIRECTOR

MR. NEAL ROSSIGNAUD
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

	Share capital EUR	Capital contribution reserve EUR	Investor compensation scheme reserve EUR	Retained earnings EUR	Total EUR
As at 1 January 2022	125,000	44,702	1,944	164,603	336,249
Changes in equity for 2022	-	130,155	-	-	130,155
Total comprehensive expense for the year	-	-	-	(247,075)	(247,075)
As at 31 December 2022	125,000	174,857	1,944	(82,472)	219,329
Changes in equity for 2023					
Capital contribution	-	304,600	-	-	304,600
Transfer of investor compensation reserve	-	-	(1,944)	1,944	-
Total comprehensive expense for the year	-	-	-	(324,232)	(324,232)
As at 31 December 2023	**125,000**	**479,457**	**-**	**(404,760)**	**199,697**

The accounting policies and explanatory notes on pages 11 to 36 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Note	**2023 EUR**	2022 EUR
Cash flows from operating activities			
Loss before taxation		**(324,232)**	(247,075)
Depreciation and amortisation		**8,993**	16,602
Finance costs		**44**	780
Net movement on impairment of financial assets		**65,406**	(12,446)
Other income		**(2,900)**	-
Waiver of amounts payable		**-**	(18,134)
Bad debts written off		**-**	232,957
Movement in working capital:			
Movement in trade and other receivables		**(159,065)**	(46,330)
Movement in trade and other payables		**45,865**	69,831
Cash used in operations		**(365,889)**	(3,815)
Finance costs		**-**	(103)
Tax paid		**-**	(10,997)
Net cash used in operating activities		**(365,889)**	(14,915)
Cash flow from investing activity			
Purchase of property and equipment		**-**	(1,962)
Purchase of intangible assets		**(1,063)**	-
Net cash used in investing activity		**(1,063)**	(1,962)
Cash flows from financing activities			
Movements in amounts due/from related parties		**345,020**	(32,930)
Rent paid		**(3,600)**	(14,400)
Net cash generated from/(used in) financing activities		**341,420**	(47,330)
Net movement in cash and cash equivalents		**(25,532)**	(64,207)
Cash and cash equivalents at the beginning of the year		**32,109**	96,316
Cash and cash equivalents at the end of the year	15	**6,577**	32,109

The accounting policies and explanatory notes on pages 11 to 36 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

FCS Asset Management Ltd (the "Company") was incorporated on 28 October 2011 as a limited liability company under the terms of the Companies Act, Cap. 386 of the Laws of Malta.

On 28 October 2011, further to an application made to the MFSA, FCS Asset Management Ltd was granted a Category 2 Licence, authorising to act as a Maltese Management Company and to provide any Investment Service, and to hold or control Clients' Money or Customers' Assets, but not to deal for their own account or underwrite.

On 10 March 2014, the Company has also been granted a recognised certificate by the Malta Financial Services Authority pursuant to Section 9A of the Investment Services Act, Cap 370 of the Laws of Malta to provide Fund Administration services.

On the 4 June 2014, the MFSA granted an extension to the Company's license so that it can provide Investment Advisory Services for Professional Clients and Eligible Counterparties. This license was then superseded when the Company qualified as an Alternative Investment Fund Manager pursuant to Directive 2011/61/EU in addition to its UCITS Management Company License.

Principal activities

The principal activities of the Company are to provide investment management services to professional investor funds and retail collective investment schemes, fund administration services and to carry out any activities as ancillary to the above as necessary. The following table provides an overview of the size and composition of the funds managed by the Company as at 31 December 2023. The table below shows the split between the total number of AIFs, Undertakings for the Collective Investment of Transferable Securities ("UCITS") and other funds managed by the Company.

	Number of sub-funds	AUM EUR	% of AUM
AIFs	3	7,001,615	64.55
UCITS	1	1,831,500	16.89
Other	1	2,013,405	18.56
Total	**5**	**10,846,519**	**100.00**

2. BASIS OF PREPARATION

2.1 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are stated at their fair values. These financial statements are in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the Companies Act, Cap. 386 of the Laws of Malta. The financial statements have also been prepared on a going concern basis.

The financial statements of the Company are presented in its functional currency, the Euro.

2. BASIS OF PREPARATION (CONTINUED)

2.2 MATERIAL ACCOUNTING POLICIES

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment. The Company's property and equipment consist of computer equipment and furniture, as well as other property held in Spain.

Property and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following basis:

Computer equipment	-	25% per annum
Furniture	-	25% per annum
Other property	-	By equal annual instalments over the remaining term of the lease

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at each financial position date.

Intangible assets

Intangible assets include website development that has a definite useful life and is measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost can be measured reliably. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset.

Amortisation is calculated to write down the carrying amount of the intangible asset using the straight-line method over its expected useful life. Amortisation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) or the date that the asset is derecognised.

Amortisation method, useful life, and residual value

The amortisation of computer software and trademarks is based on a useful life of 4 years and 10 years respectively and is charged to profit or loss.

The amortisation method applied, the residual value and the useful life are reviewed on a regular basis and when necessary, revised with the effect of any changes in estimate being accounted for prospectively.

2. BASIS OF PREPARATION (CONTINUED)

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

Derecognition of intangible assets

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses arising from derecognition represent the difference between the net proceeds (if any) and the carrying amount and are included in profit or loss in the period of derecognition.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset, and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled, or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measure them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in note 23.

(ii) Trade and other payables

These amounts represent liabilities for services provided to the Company prior to the end of the financial year which are unpaid. Trade and other payables are presented as current liabilities unless the payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(iii) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

2. BASIS OF PREPARATION (CONTINUED)

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiaries

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments are accounted for based on direct equity interest and are stated at cost less any accumulated impairment losses. Income from the investment is recognised only to the extent of the distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business mode for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity investments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The Company classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2. BASIS OF PREPARATION (CONTINUED)

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

Assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Company assess, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The impairment provisions of IFRS 9 resulted in a provision for expected credit losses on trade receivables, accrued income, and other receivables of EUR 89,092 (2022: EUR 23,686), however, the impact on amounts due from related parties was not considered to be material.

As cash at bank balances are demand deposits, a 1-day probability of default has been applied, based on the respective external ratings of the counterparty banks. Currently the Company holds its cash and bank balances with reputable and investment grade rated banking institutions (31 December: BBB by Fitch and A2 by Moody's). In the prior year, the company also held its cash and bank balances with reputable but unrated banking institutions. The estimated 12 month expected credit losses in terms of IFRS 9 were not considered to be material.

2. BASIS OF PREPARATION (CONTINUED)

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax and discounts, where applicable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Investment management services, performance fees and fund administration services

Revenue from the provision of services is recognised in the period in which the services are rendered, by reference to the completion of the specific translation assessed on the basis of the actual services provided as a proportion of the total services to be provided.

Cost and expenses

Expenses are generally recognised when the services are used, or the expenses arise. These are incurred in the direction and general administration of the day-to-day operation of the Company.

Employee benefits

The Company contributes towards the state pension in accordance with local legislation. The only obligation of the Company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Taxation

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The charge for current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for the carry forward of unused tax losses and unused tax credits, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

2. BASIS OF PREPARATION (CONTINUED)

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the financial position date.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the global minimum top-up tax required under Pillar II legislation. Should the Company be in-scope, it will account for it as a current tax when it is incurred.

Currency translation

The financial statements of the Company are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are initially recorded at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Leases

At the inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant, and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate and lease payments in an optional renewal period that the company is reasonably certain to exercise an extension option

2. BASIS OF PREPARATION (CONTINUED)

2.2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

Payments associated with short-term leases of property are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Related parties

Related parties are defined as related if one party empowers another to exercise the control or significant influence over the other party in making financial and operating decisions.

Related parties to the Company are defined as shareholders, employees, members of the management board, their close relatives, and companies that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the company except if it is impossible for one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand. Bank overdrafts that are repayable on demand and form part of an integral party of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities in the statement of financial position.

2. BASIS OF PREPARATION (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES

Initial Application of an International Financial Reporting Standard

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (effective on 1 January 2023)

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in the Material accounting policies (2022 – Significant accounting policies) in certain instances in line with these amendments.

The application of these amendments did not have a material effect on the company's financial statements.

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (effective on 1 January 2023)

The amendments to IAS 8 focus entirely on accounting estimates with the definition of a change in accounting estimates being replaced with a definition of accounting estimates. Accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty".

Accounting estimates arise when accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error and that the effects of a change in an input or a measurement method used to derive an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The application of these amendments did not have a material effect on the company's financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Initial Application of an International Financial Reporting Standard

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (effective on 1 January 2023)

The amendments narrow the scope of the recognition exemption in paragraph 15 of IAS 24 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

- Amendments to IAS 12, Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023) (effective on 1 January 2023)

The amendment introduces a temporary, mandatory exemption from accounting for deferred taxes resulting from the introduction of the global minimum taxation and targeted disclosures in the notes for effected entities.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

Standards, interpretations, and amendments to published standards as adopted by the EU in issue but not yet effective for financial periods beginning on 1 January 2023:

- Amendments to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020), Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020) and Non-Current Liabilities with Covenants (issued on 31 October 2020) (effective on 1 January 2024)

The amendments requires that a right to defer settlement for at least 12 months must exist at the reporting date and have substance. This right may be subject to compliance with conditions specified in a loan arrangement and only those existing at the reporting date are to be considered. However, information about conditions or covenants that apply in future periods are to be disclosed. Also, liabilities relating to convertible debt may become current. The amendments apply retrospectively.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

- Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback (issued on 22 September 2022) (effective on 1 January 2024)

The narrow scope amendment impact how a seller-lessee accounts for variable payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and requires seller-lessees to reassess and potentially restate retrospectively as from date of application of IFRS 16.

The directors are of the opinion that these amendments will not have a material impact on the financial statements of the company.

2. BASIS OF PREPARATION (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Standards, interpretations, and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the European Union:

- Amendments to IAS 7, Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)
- Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued 15 August 2023)

The Directors are assessing the impact that the adoption of these Financial Reporting Standards will have in the financial statements of the Company in the period of initial application.

3. JUDGMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements 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. The estimates and assumptions that have a significant risk of affecting the reported amount of assets and liabilities within the next financial year are discussed below.

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 23.

4. REVENUE

	2023	2022
	EUR	EUR
Management and performance fees (i)	**181,963**	246,117
Administration fees (ii)	**25,000**	73,397
Professional services and disbursements (iii)	**232,952**	490,606
	439,915	810,120

(i) Management and performance fees

The managed funds pay the Company a monthly management fee calculated at a rate between 0.4% and 2.15% (2022: 0.3% and 2.15%) per annum of the net asset value of the fund. One fund is subject to a fee of EUR 25,000.

The Company is also entitled to receive a performance fee on the appreciation of the net asset value of the fund and is charged annually. No performance fees were received during 2023 (2022: EUR NIL).

4. REVENUE (CONTINUED)

(ii) Administration fee

In the current year, one fund was administered by the company whereby a fee of EUR 25,000 per annum was being charged. In the prior year, three funds administered by the Company pay a monthly administration fee subject of 0.05% of the Net Asset Value of the fund per annum. Two funds are subject to a fee of EUR 25,000 and EUR 36,000 per annum.

(iii) Professional services and disbursements

Revenue from professional services is mainly generated from advisory and support services provided to related parties.

5. DIRECT COSTS

	2023 EUR	2022 EUR
Introducer fees (i)	**3,640**	9,473
Other direct costs	**4,537**	80,694
	8,177	90,167

(i) Direct costs

The Company has appointed third party service providers to provide marketing, research, administrative and advisory services to the Company. Such services entitle them to introducers fees and advisory fees. Introducer fees paid by the Company during the year ended 31 December 2023 amounted to EUR 3,640 (2022: EUR 9,473). For the financial year ending 31 December 2022, EUR 5,575 of the EUR 9,473 were paid to a group company.

6. ADMINISTRATIVE EXPENSES

The loss before tax is stated after charging:

	2023 EUR	2022 EUR
Accounting fees	**37,693**	6,366
Audit fee	**6,500**	10,000
Bad debts written-off	**-**	232,957
Computer related expenses	**139,751**	137,791
Depreciation and amortisation	**8,993**	16,602
Directors' remuneration (note 7)	**40,618**	56,353
Insurance	**25,979**	25,355
Legal and professional fees	**169,471**	140,920
Rent	**7,858**	-
Salaries and wages (note 7)	**270,955**	306,131
VAT expense absorbed	**19,570**	38,284
Other expenses	**9,698**	19,529
	737,086	990,288

7. STAFF COSTS

	2023 EUR	2022 EUR
Total staff costs		
Directors' remuneration	**40,618**	56,353
Salaries	**254,508**	286,188
Other staff benefits	**7,605**	9,178
National insurance contributions	**8,842**	10,765
	311,573	362,484

The average number of persons employed by the Company during the year was 6 (2022: 8).

	2023 Number	2022 Number
Key management personnel	**1**	2
Administration	**5**	6
	6	8

Given that the Company operated a branch in Spain, the staff costs have been split accordingly:

	2023 EUR	2022 EUR
Malta	**173,133**	232,794
Spain	**138,440**	129,690
	311,573	362,484

	2023 EUR	2022 EUR
Staff costs reported under FSS		
Directors' remuneration	**20,618**	20,103
Salaries	**143,673**	201,926
National insurance contributions	**8,842**	10,765
	173,133	232,794

8. FINANCE COSTS

	2023 EUR	2022 EUR
Finance charges payable for lease liabilities (note 20)	**44**	677
Bank interest paid	**-**	103
	44	780

9. INCOME TAX EXPENSE

	2023 EUR	2022 EUR
Current tax	**-**	-

The tax on the Company's profit before tax is equal to the theoretical tax expense that would arise using the applicable tax rate in Malta of 35%. The tax charge is comprised of the following:

	2023 EUR	2022 EUR
Loss before tax	**(324,232)**	(247,075)
Tax at the applicable rate of 35%	**113,481**	86,476
Tax effect of:		
Non-allowable expenses	**-**	(2,288)
Un-recognised deferred tax movement	**(115,834)**	(83,917)
Non-temporary differences	**(271)**	(271)
Waiver of amounts payable	**2,625**	
Tax charge	**-**	-

At 31 December 2023, the Company has unrecognised deferred tax assets amounting to EUR 234,649 (2022: EUR 118,815) arising from temporary differences on non-current assets and provisions for expected credit losses on trade receivables.

10. INTANGIBLE ASSETS

	Website EUR	Trademark EUR	Total EUR
Cost			
At 1 January 2022, 31 December 2022	4,955	-	4,955
Additions	**-**	**1,063**	**1,063**
At 31 December 2023	**4,955**	**1,063**	**6,018**
Accumulated amortisation			
At 1 January 2022	4,641	-	4,641
Charge for the year	314	-	314
At 31 December 2022	4,955	-	4,955
Charge for the year	**-**	**106**	**106**
At 31 December 2023	**4,955**	**106**	**5,061**
Carrying amount			
At 31 December 2023	**-**	**957**	**957**
At 31 December 2022	-	-	-

11. PROPERTY AND EQUIPMENT

	Computer & office equipment EUR	Furniture & fittings EUR	Other property EUR	Total EUR
Cost				
At 1 January 2022	26,758	7,212	24,000	57,970
Additions	1,962	-	-	1,962
At 31 December 2022 and 2023	**28,720**	**7,212**	**24,000**	**59,932**
Accumulated depreciation				
At 1 January 2022	23,852	7,212	3,872	34,936
Charge for the year	1,854	-	774	2,628
At 31 December 2022	25,706	7,212	4,646	37,564
Charge for the year	1,853	-	774	2,627
At 31 December 2023	**27,559**	**7,212**	**5,420**	**40,191**
Carrying amount				
At 31 December 2023	**1,161**	**-**	**18,580**	**19,741**
At 31 December 2022	3,014	-	19,354	22,368

12. INVESTMENT IN SUBSIDIARIES

	EUR
Cost	
At 1 January , 31 December 2022 and 31 December 2023	**12,000**
Carrying amount	
At 31 December 2022 and 31 December 2023	**12,000**

	Shareholding %		Country of Incorporation
	2023	2022	
FCS General Partner SARL	100%	100%	Luxembourg

13. FINANCIAL ASSETS

The Company holds the following financial assets:

Financial assets at fair value through profit or loss (FVPL)	**2023 EUR**	2022 EUR
As at 1 January	**2**	2
Disposals	**-**	-
As at 31 December	**2**	2

The Company's exposure to various risks associated with the financial assets is discussed in note 23. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

14. TRADE AND OTHER RECEIVABLES

	2023 EUR	2022 EUR
Trade receivables	**33,430**	41,776
Trade receivables from related parties	**74,813**	18,266
Accrued income	**48,585**	9,268
Prepayments	**12,877**	12,270
Amounts due from parent	**66,341**	108,261
Other receivables	**178,166**	172,632
	414,212	362,473

Trade receivables are non-interest bearing and normally on 30–60-day terms. These are stated net of provision for expected credit losses of EUR 15,135 (2022: EUR 1,797). Accrued income and other receivables are stated net of provision for expected credit losses of EUR73,957 (2022: EUR 21,889).

Amounts due from parent company are unsecured, interest free and repayable on demand.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December, the ageing analysis of trade receivables and receivables from related parties is as follows:

	Total EUR	Current EUR	30-90 days EUR	90-180 days EUR	180+ days EUR
2023					
Gross carrying amount	**123,378**	**6,003**	**13,948**	**10,204**	**93,223**
Loss allowance	**(15,135)**	**(37)**	**(511)**	**(1,020)**	**(13,567)**
	108,243	**5,966**	**13,437**	**9,184**	**79,656**
2022					
Gross carrying amount	61,839	48,313	-	-	13,526
Loss allowance	(1,797)	(47)	-	-	(1,750)
	60,042	48,266	-	-	11,776

15. CASH AND CASH EQUIVALENTS

	2023 EUR	2022 EUR
Cash at banks	**6,609**	33,382
	6,609	33,382
Bank overdrawn balance	**(32)**	(1,273)
	6,577	32,109

For the year ending 31 December 2023, the Company had pledged balances amounting to EUR21,000 (2022: EUR15,000) of which EUR6,000 are in blocked funds. The company does not expect to suffer any material losses on these securities.

16. SHARE CAPITAL

	2023 EUR	2022 EUR
Authorised		
250,000 ordinary shares of EUR1.00 each	**250,000**	250,000
Issued and fully paid		
125,000 ordinary shares of EUR1.00 each	**125,000**	125,000

17. CAPITAL CONTRIBUTION RESERVE

In the year ending 31 December 2018, a resolution was passed whereby it was agreed between the Company and its parent to make a gratuitous donation of EUR 44,702. A further resolution was passed during 2022 for a further contribution of EUR130,155.

During the current year, three separate resolutions were passed whereby it was agreed between the Company and its parent to make further gratuitous contributions totalling EUR304,600 .

These contributions have sustained the financial resource requirement of the Company and the balances comprises of a shareholders' contributions that are gratuitous, unsecured, and interest-free.

18. INVESTOR COMPENSATION SCHEME RESERVE

On 15th February 2023, the Company received a notification from the Investor Compensation Scheme (ICS) stating the outcome of an internal investigation with regards to the Company's participation in the Scheme. In accordance with the ICS (97/9/EC) and the First Schedule of the ICS Regulations (S.L 370.09), collective investment scheme undertakings are excluded from participation. In line with this, the ICS concluded that the Company should be reimbursed given that it was not a participant from its authorisation. The amounts refunded for the period from 2014 to 2022 were €24,307 (Fixed Contribution) and €1,944 (Variable Contribution).

This amount was assigned to the company's parent by means of a board resolution which was passed on 30 December 2023.

19. TRADE AND OTHER PAYABLES

	2023 **EUR**	2022 EUR
Trade payables	**129,410**	127,333
Amounts due to shareholder	**1**	1,501
Accruals and other payables	**79,083**	59,702
Deferred income	**43,100**	22,000
Other taxation	**13,195**	9,888
	264,789	220,424

Amounts due to shareholder and related parties are unsecured, interest free and repayable on demand.

20. LEASES

This note provides the information for leases when the Company is a lessee.

(i) Amounts recognised in the statement of financial position

	2023 EUR	2022 EUR
Right-of-use asset		
Cost		
At 1 January	**27,319**	27,319
Released on termination of lease agreement	**(27,319)**	-
At 31 December	**-**	27,319
Depreciation		
At 1 January	**21,059**	7,399
Charge for the year	**6,260**	13,660
Released on disposal	**(27,319)**	-
	-	21,059
Net book value		
At 31 December	**-**	6,260
Lease liabilities		
Current	**-**	6,456

(ii) Amounts recognised in the statement of comprehensive income

	2023 EUR	2022 EUR
Depreciation charge of right-of-use asset	**(6,260)**	(13,660)
Interest expense (included in finance costs)	**(44)**	(677)
Expense related to short-term leases (included in administration expenses)	**(7,858)**	-
	(14,162)	(14,337)

For the year ending 31 December 2023, whereas the total amount being reflected in the statement of profit or loss and other comprehensive income is equal to EUR6,304 (2022: EUR14,337), the total cash outflows for leases were EUR3,600 (2022: EUR14,400).

21. RELATED PARTY DISCLOSURES

General

FCS Asset Management Ltd is a subsidiary of FCS Group Ltd a company registered in Malta, with registered address at Beaumont Place, 40/2, Main Street, Balzan, BZN 1259, Malta. FCS Group Ltd owns 100% of the voting capital of the Company.

As at 31 December 2023, the ultimate beneficial owners of FCS Asset Management Ltd are Mr. Jaime Agurruza Fatosme, Mr Carlos Javier Agurruza Fatosme, Ms Elena Agurruza Fatosme, Ms Anne Angeline Fatosme Perouelle, Mr Alberto Agurruza Fatosme, Mr Juan Arce Garcia, Oscar Garcia Arroyo, and FCS AT Gestion SICAV RAIF.

21. RELATED PARTY DISCLOSURES (continued)

Related party transactions

Related party transactions were made on terms equivalent to those that prevail in arms' length transactions.

During the course of the year, the Company entered into transactions with related parties as set out below:

	2023			2022		
	Related party activity EUR	**Total activity EUR**	**%**	**Related party activity EUR**	**Total activity EUR**	**%**
Revenue:						
Related party transactions with:						
Other related parties	**220,073**			542,139		
	220,073	**439,915**	**50**	542,139	810,120	67
Administrative expenses:						
Related party transactions with:						
Key management personnel	**40,618**			56,353		
Other related parties	**43,200**					
	83,818	**737,086**	**11**	56,353	990,288	6

"Other related parties" consist of related parties other than parent companies, activities with joint control or significant influence over the company, subsidiaries, associates and joint venture in which the company is a venture and key management personnel or its parent.

The amounts due from/to director, shareholder and other related parties are disclosed in notes 14 and 19. The terms and conditions in respect of related party balances do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received. These amounts are unsecured, interest-free and have no fixed date of repayment.

22. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 31 December 2023 and 2022 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value: grouped into levels 1 to 3:

At 31 December 2023

	Level 1 EUR	**Level 2 EUR**	**Level 3 EUR**	**Total EUR**
Financial assets at FVPL				
Equity investments	**-**	**-**	**2**	**2**

At 31 December 2022

	Level 1 EUR	**Level 2 EUR**	**Level 3 EUR**	**Total EUR**
Financial assets at FVPL				
Equity investments	-	-	2	2

23. FINANCIAL RISK MANAGEMENT

At the end of the year, the Company's main financial assets on the statement of financial position comprised of trade and other receivables, cash at bank and financial assets at fair value through profit or loss; while the main financial liabilities consisted of trade and other payables. At year end, there were no assets and liabilities which were not recognised in the statement of financial position.

Credit and counterparty risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash at banks and receivables. The Company controls its credit risk through strict monitoring procedures and regular coordination with its customers, with the result that the Company's exposure credit risk is not significant.

Credit risk arises from cash and cash equivalents, contractual cash flows of investments carried at fair value through profit or loss (FVPL), as well as credit exposures to customers, including outstanding receivables.

Cash at bank is placed with reliable financial institutions. At 31 December 2023 and 2022 cash at bank is placed with reliable financial institutions as follows:

Bank	2023	2022	Rating agency	Rating
Bank of Valletta p.l.c.	97%	99%	Fitch	BBB-
Banca March	3%	1%	Moody's	A2

Impairment of financial assets

The Company's trade receivables are the Company's only financial asset that are subject to the expected credit loss model. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company applies the IFRS 9 simplified approach to measurement expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped on the geographical location and the days past due. The expected loss rates are based on the corresponding historical credit losses experienced in the past. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2023 was determined as follows for trade receivables, accrued income, and other receivables:

	Up to 60 days past due			
	Malta EUR	Luxembourg EUR	Ireland EUR	Total EUR
Expected credit loss	1.24%	0%	0.88%	
Gross carrying amount	3,094	11,822	2,500	17,416
Loss allowance	**38**	**-**	**22**	**60**

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit and counterparty risk (continued)

	Over 60 days past due							
	Ireland EUR	**USA EUR**	**Luxembourg EUR**	**Spain EUR**	**Malta EUR**	**EUR**	**Mexico EUR**	**Total EUR**
Expected credit loss	25.88%	20%	10%	22.34%	11.24%	12.78%	22.78%	
Gross carrying amount	228,059	30,000	65,560	9,076	4,681	4,450	62,917	404,743
Loss allowance	**59,022**	**6,000**	**6,556**	**2,028**	**526**	**569**	**14,332**	**89,033**

The movement on net impairment losses on financial assets recognised in the statement of profit and loss and other comprehensive income amounted to EUR 65,406.

On that basis, the loss allowance as at 31 December 2022 was determined as follows for trade receivables and accrued income:

	Up to 60 days past due				
	Malta EUR	**Luxembourg EUR**	**Mexico EUR**	**USA EUR**	**Total EUR**
Expected credit loss	1,46%	0%	3.29%	0%	
Gross carrying amount	4,320	15,061	9,583	30,000	58,964
Loss allowance	**63**	**-**	**315**	**-**	**378**

	Over 60 days past due			
	Ireland EUR	**Spain EUR**	**Mexico EUR**	**Total EUR**
Expected credit loss	11.22%	12.76%	13.29%	
Gross carrying amount	192,138	9,076	4,450	209,664
Loss allowance	**21,558**	**1,158**	**591**	**23,207**

The net impairment losses on financial assets recognised in the statement of profit and loss and other comprehensive income amounted to EUR12,446.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Company.

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

Capital risk management

FCS Asset Management Ltd manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued share capital and retained earnings as disclosed in the statement of changes in equity.

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management (continued)

The Company's objectives when managing capital are:

- To comply with the financial resources' requirements in terms of the Investment Services Act, Cap. 370 of the Laws of Malta;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from its shareholders. No changes were made in the objectives, policies, and processes in 2023 and 2022.

The Company is required to hold a minimum regulatory capital in compliance with the rules issued by the MFSA and this minimum capital requirement must be maintained at all times during the year. The Company monitors its capital level on a regular basis. Any transactions that may potentially affect the Company's capital position will immediately be reported to the directors and shareholders for resolution, prior to notification to the MFSA.

Own funds

As at 31st December 2023, the Company's total own funds amounts to EUR198,740 (2022: EUR217,385), made up as follows:

	2023 EUR	2022 EUR
Common equity tier one capital		
Paid up ordinary share capital	**125,000**	125,000
Retained earnings calculated in line with Own Funds requirements	**(404,760)**	(82,472)
Other reserves	**479,457**	174,857
Intangible assets	**(957)**	-
Total tier one capital	**198,740**	217,385
Total own funds	**198,740**	217,385

Balance sheet reconciliation

The Company is also required to provide information on the reconciliation between balance sheet items used to calculate own funds and regulatory own funds. The table below shows an extract of the Company's financial statements for the year ended 31 December 2023 and 2022 and the components that are adjusted for in the own funds' calculation.

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital Base Reconciliation	**2023 EUR**	2022 EUR
Shareholders' equity according to the Company's IFRS statement of financial position	**199,697**	219,329
Non-controlling interest	**-**	-
Anticipated dividend	**-**	-
Deconsolidation of insurance companies	**-**	-
Associated companies consolidated according to purchase method	**-**	-
Value changes in own financial liabilities	**-**	-
Additional value adjustments	**-**	-
Investor compensation scheme	**-**	(1,944)
Intangible assets	**(957)**	-
Net provisions for reported IRB credit exposures	**-**	-
Common equity tier 1 (CET1) capital	**198,740**	217,385
Tier 1 capital contributions	**-**	-
Shares deducted from Tier 1 capital	**-**	-
Total Tier 1 (T1) capital	**198,740**	217,385
Tier 2 instruments	**-**	-
Net provisions for reported IRB credit exposures	**-**	-
Shares deducted from Tier 2 capital	**-**	-
Total Tier 2 (T2) capital	**-**	-
Total regulatory capital base	**198,740**	217,385

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objectives to manage its liquidity profile are:

- to ensure that adequate funding is available at all times;
- to meet commitments as they arise without incurring unnecessary costs;
- to be able to access funding when needed at the least possible cost; and
- to maintain an adequate time spread of refinancing maturities.

The Company closely monitors its cash flows to be able to finance its operations and capital expenditures and pay its obligations as and when they fall due. The following tables sets out the contractual maturities (representing the contractual undiscounted cash-flows) of financial liabilities:

At 31 December 2023

	Up to 1 month EUR	**Up to 1 year EUR**	**On demand EUR**
Trade payables	**-**	**129,410**	**-**
Amounts due to shareholder	**-**	**-**	**1**
Accruals and other payables	**79,083**	**-**	**-**
Deferred income	**-**	**43,100**	**-**
Other taxation	**-**	**13,195**	
Bank overdraft	**32**	**-**	**-**
	79,115	**185,705**	**1**

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

At 31 December 2022

	Up to 1 month EUR	Up to 1 year EUR	On demand EUR
Trade payables	-	127,333	-
Amounts due to shareholder	-	-	1,501
Accruals	59,702	-	-
Deferred income	-	22,000	-
Other taxation	-	9,888	
Lease liability	-	6,456	
Bank overdraft	1,273	-	-
	60,975	165,677	1,501

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates is insignificant since revenue or expenses are denominated in the same currency as the Company's presentation currency).

Price risk

The Company is exposed to price risk from its holdings of investments classified in its statement of financial position as fair value through profit or loss.

The carrying amounts of financial instruments at the end of the reporting period which could potentially subject the company to price risk are disclosed in the notes to the financial statements.

The directors are of the opinion that the Company does not have a material exposure to price risk.

24. NON-FINANCIAL RISKS

In addition to the Financial Risks which the Company faces, the Company also faces non-Financial Risks. The primary risks are as follows:

Compliance risk

This is the risk arising from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws, or regulations. The compliance risk refers to the risk of not complying with the regulations to which the Company is subject as set out by the Malta Financial Services Authority. In order to mitigate the above-mentioned risks, the Company has taken out a Professional Indemnity Insurance and continuously reviews processes ensuring they are in line with the compliance procedures approved by the board.

Operation risk

This is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events.

Business continuity, fraud (internal and external), administrative errors and Information Technology failure and regulatory action have been identified as the key elements of operational risk to which the Company is exposed. Not all of these risks can be effectively eliminated; however, the board of directors believes that these risks are adequately controlled by key personnel and a rigorous control framework has been set.

24. NON-FINANCIAL RISKS (CONTINUED)

Remuneration policy

The Company's remuneration for the Directors is such that directors are paid a fixed remuneration (salary-based) for their services and are not entitled to any variable remuneration. Remuneration paid to directors is disclosed in note 7.

Other risks

In the opinion of the directors as reported in the Annual Financial Return of the Company for the year ended 31 December 2023, the Company is not exposed to operational risk, settlement risk, credit valuation adjustment risk or large exposure risk.

25. CONSOLIDATED FINANCIAL STATEMENTS

The Company is presenting separate financial statements and is exempt from preparing consolidated financial statements required by IFRS 10, Consolidated Financial Statement, under paragraph 4 of the same standard and under article 173 of the Companies Act, 1995.

26. SUBSEQUENT EVENTS

On 23rd February 2024, the Company reached out to the Authority informing them of the intent to voluntarily surrender its authorisation as a Recognised Fund Administrator. Such a decision has been taken by the Company from a purely financial perspective. The Company is currently in the final stages of surrender of such authorization.

During 2024, up until the date of this report, the Company received additional loans amounting to €255,400 from FCS Group Ltd, the Company's parent company to facilitate the day-to-day cash flow obligations. From these loans, €133,000 was converted to Contributed Capital.

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Independent auditor's report

To the Shareholders of FCS Asset Management Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FCS Asset Management Ltd (the Company), set out on pages 7 to 36, which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, 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 directors are responsible for the other information. The other information comprises the directors' report. Our opinion on the financial statements does not cover this information. 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. With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

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Independent auditor's report (continued)

To the Shareholders of FCS Asset Management Ltd (continued)

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS's, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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 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 judgement 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 directors.

- Conclude on the appropriateness of the 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.

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Independent auditor's report (continued)

To the Shareholders of FCS Asset Management Ltd (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 fair presentation.

We communicate with the 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 and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.

Use of Audit Report

This report is made solely to the company's members as a body in accordance with the requirements of the Companies Act (Cap 386 of the laws of Malta). Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the full extent permitted by law we do not assume responsibility to anyone other than the company's members as a body for our audit work, for this report or for the opinions we have formed.

This copy of the audit report has been signed by Ernestino Riolo (Partner) for and on behalf of

Mazars Malta
Certified Public Accountants
Birkirkara,
Malta

29 April 2024

The schedule that follows does not form part of the financial statements.

Schedule I – Administrative Expenses

	2023	2022
	EUR	EUR
Accounting fees	**37,693**	6,366
Audit fee	**6,500**	10,000
Bad debts written-off	**-**	232,957
Bank charges	**1,618**	1,325
Cleaning expenses	**110**	50
Computer related expenses	**139,751**	137,791
Depreciation and amortisation	**8,993**	16,602
Directors' remuneration	**40,618**	56,353
Entertainment	**100**	785
General expenses	**2,483**	7,591
Insurance	**25,979**	25,355
Legal and professional fees	**169,471**	140,920
Printing and postage	**169**	293
Realised loss on exchange	**947**	2,700
Rent	**7,858**	-
Salaries and wages	**270,955**	306,131
Telecommunications expenses	**2,012**	2,331
Travel expenses	**2,257**	3,536
Unrealised gain on exchange	**(521)**	528
VAT expense absorbed	**19,570**	38,284
Water and electricity	**523**	390
	737,086	990,288