Memel Capital PCC

Annual report and audited financial statements for the year ended 31 December 2022

Contents

Directors report

The Directors present their Report, together with the audited financial statements of Memel Capital PCC (the 'Company') for the year ended 31 December 2022.

Incorporation

The Company was incorporated as a public company in Jersey, Channel Islands on 26 June 2014. The Company changed its status from a public limited company to a public cell company on 3 February 2021.

Principal Activities

The principal activity of the Company is to issue secured and unsecured certificates under the following programmes:

- a US$50,000,000,000 Secured and Unsecured Note Programme as joint issuer with alphabeta access products ltd (listed on the Gibraltar Stock Exchange)

- a US$30,000,000,000 Secured and Unsecured Note Programme (listed on the Gibraltar Stock Exchange)

- a USD$10,000,000,000 Certificate Programme - (dormant)

The certificates and notes are issued in the protected cells created by the Company. The certificates and notes offer exposure on a 1:1 basis to shares in certain companies, as detailed in the prospectus.

The Company changed its status from a public limited company to a public cell company on 3 February 2021 and established the first Cell on 18 February 2021. The principal activity of the Company is to issue protected cells under the programmes detailed above. A protected cell may issue secured and unsecured notes or certificates. Each note or certificate will be linked to the reference assets as specified in the relevant pricing supplement as detailed in the prospectus. There was one live protected cell at the reporting date.

Going concern

The Directors have prepared the financial statements of the Company on a going concern basis. The expenses of the Company, other than bank charges, are paid by Morgan Stanley & Co International Plc ("Morgan Stanley") and income is received from Morgan Stanley to cover bank charges. The Directors have no reason to believe that Morgan Stanley will not honor this agreement for a period of more than 12 months from the signing date of these financial statements and note that this agreement has been in place for a number of years and Morgan Stanley have continued to meet their obligations under it. The unsecured notes and certificates are limited recourse as the principal repayment of each series is linked to the value for the financial assets. The Directors have therefore prepared the financial statements on a going concern basis.

Results and Dividends

The results for the year are set out in the Statement of Comprehensive Income. The Directors recommend the payment of a dividend for the year of £620 (2021: £ nil).

Directors

The Directors who held office during the year and up to the date of this report were:
S Conroy
T Ridgway

Directors report

Company Secretary

Crestbridge Corporate Services Limited were appointed as Secretary to the Company on 26 June 2014.

Independent Auditor

The Independent Auditor, Grant Thornton Limited, has indicated its willingness to continue in office. Accordingly, a resolution to reappoint Grant Thornton Limited was approved at the Manager's Meeting on the date of this report.

Statement of Directors' Responsibilities
The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The Financial Statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991, as amended.

International Accounting Standard 1 "Presentation of Financial Statements" requires that financial statements present fairly, for each financial period, the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent; and

- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company at that time and to enable them to ensure that any financial statements comply with the Companies (Jersey) Law 1991, as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing these audited financial statements.

The Directors confirm that so far as they are aware, there is no relevant audit information, of which the Company’s auditor is unaware and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company’s auditor is aware of this information.

Approved by the Board of Directors and signed on behalf of the Board

Stuart Conroy

Date: 25 May 2023
Registered Office
47 Esplanade St Helier Jersey
JE1 0BD

INDEPENDENT AUDITOR'S REPORT

To the members of Memel Capital PCC

Opinion

We have audited the financial statements of Memel Capital PCC (the "Company") and Basket Linked 1 PC (its "Cell") which comprise the Statement of Financial Position, 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 significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the Company and its Cell as at 31 December 2022, and of its financial performance and its cashflows for the year then ended;
- are in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Standards Board (IASB); and
- comply with the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the 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 Jersey, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

To the members of Memel Capital PCC

Our approach to the audit

Overview

Grant Thornton

Materiality

Memel Capital PCC - Overall materiality was £34, which represents 2% of the Company's total assets (2021: £15 which represented 2% of the Company's total assets).

Basket Linked 1 PC - Overall materiality was €306,000 which represents 2% of the Cells's total assets (2021: €304,000 which represented 2% of the Cell's total assets).

Audit scope

- We conducted our audit of the financial statements based on information provided by the appointed service providers to the Company to whom the directors have delegated the provision of certain functions, including Crestbridge Limited.
- We have carried out our audit work in Jersey. We have tailored the scope of our audit taking into account the types of investments issued by the Company on behalf of Basket Linked 1 PC, the accounting processes and controls and the industry in which the Company and Cell operates.

The Company is a Jersey-incorporated company.

Key audit matters

Memel Capital PCC - Based on our understanding of the entity, we identified no key audit matters.

Basket Linked 1 PC - Financial Assets at Fair Value through Profit or Loss – this is consistent with prior year.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Directors override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company and its Cell, the accounting processes and controls, and the industry in which the Company and Cell operates.

To the members of Memel Capital PCC

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Cell materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Materiality	Memel Capital PC £34 (2021: £15) Basket Linked 1 PC €306,000 (2021: €304,000)
How we determined it	2% (2021: 2%) of the Company's total assets
Rationale for the materiality benchmark	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the Company and its Cell. It is also a generally accepted measure used for companies in this industry.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	**How the matter was addressed in our audit**
Basket Linked 1 PC- Valuation of investments We identified investments being materially misstated due to incorrect valuation as one of the most significant assessed risks of material misstatement due to error. Investments comprise of positions in leveraged products that hold investments in a range of trading programmes. The fair value of investments (financial assets at fair value through profit or loss) is based on the price of the underlying leveraged products. The fair value may be misstated due to inaccuracies in the underlying products' valuations or incorrect calculation of the fair value as at year end. *Refer to the Accounting policies on pages 14-17 and Note 4, Financial Assets at Fair Value through Profit or Loss, to the Financial Statements.*	In responding to the key audit matter, we performed the following audit procedures: • We reviewed the Cell's accounting policies to confirm their compliance with IFRS requirements; • We assessed the design and implementation of controls relating to purchases, disposals and valuation of investments; • We traced all subscriptions and redemptions during the year to the relevant valid deal tickets to confirm their occurrence and accuracy; • We reconciled units held under each series at 31 December 2022 to confirmations received from independent custodians or investor reports; and • We recalculated the fair value as at 31 December 2022 by reference to third party data. Based on the results of our audit procedures, we are satisfied that the investments have been appropriately valued.

To the members of Memel Capital PCC

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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 directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as issued by the IASB, 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 and Cell'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, its Cell, or to cease operations, or have no realistic alternative but to do so.

To the members of Memel Capital PCC

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 and Cell'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 Company and Cell'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 or Cell 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

This report is made solely to the Company and Cell's members, as a body, in accordance with Section 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company and Cell's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Cell and the Company and Cell's members as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT (continued)

To the members of Memel Capital PCC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company or its Cell; or
- the Company and Cell's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Alexander Ross Langley
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Helier
Jersey

Date: 26 May 2023

Statement of Financial Position

	Notes	Basket Linked 1 PC 31 Dec 2022 £	Memel Capital PCC 31 Dec 2022 £	Basket Linked 1 PC 31 Dec 2021 £	Memel Capital PCC 31 Dec 2021 £
Non-Current Assets					
Financial assets at fair value through profit and loss	4	13,137,734	2	13,403,282	2
Current assets					
Other receivables	5	2	-	2	924
Cash		-	1,686	-	2
Total assets		**13,137,736**	**1,688**	**13,403,284**	**928**
LIABILITIES					
Non-Current Liabilities					
Financial liabilities at fair value through profit and loss	8	13,089,675	-	13,368,187	-
Current liabilities					
Other payables	6	48,059	622	35,095	2
Total Liabilities		**13,137,734**	**622**	**13,403,282**	**2**
EQUITY					
Share capital	7	2	2	2	2
Retained earnings		-	1,064	-	924
Total Equity		2	1,066	2	926
Total Liabilities and Equity		**13,137,736**	**1,688**	**13,403,284**	**928**

The financial statements on pages 10 to 23 were approved and authorised for issue by the Board of Directors on 25 May 2023 and were signed on its behalf by:

Director
Stuart Conroy

Statement of Comprehensive Income

	Notes	Basket Linked 1 PC 31 Dec 2022 £ Total	Memel Capital PCC 31 Dec 2022 £ Total	Basket Linked 1 PC 31 Dec 2021 £ Total	Memel Capital PCC 31 Dec 2021 £ Total
Income					
Net movement on financial liabilities at fair value through profit or loss	8	1,003,808	-	-	-
Net movement on financial assets at fair value through profit or loss	4	-	-	2,006,850	-
Foreign exchange		-	109	-	-
Sundry income		-	752	-	924
Total Income		**1,003,808**	**861**	**2,006,850**	**924**
Expenses					
Structuring fee		48,059	-	35,095	-
Net movement on financial assets at fair value through profit or loss	4	955,749	-	-	-
Net movement on financial liabilities at fair value through profit or loss	8	-	-	1,971,755	-
Bank charges		-	101	-	-
Total Expenses		**1,003,808**	**101**	**2,006,850**	**-**
Profit and Total Comprehensive Income for the Year/Period		**-**	**760**	**-**	**924**

Statement of Changes in Equity

Basket Linked 1 PC

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2021	-	-	-
Issue of ordinary share capital	2	-	2
Profit and Total Comprehensive Income for the period	-	-	-
Balance as at 31 December 2021	**2**	**-**	**2**

Memel Capital PCC

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2021	2	-	2
Profit and Total Comprehensive Income for the period	-	924	924
Balance as at 31 December 2021	**2**	**924**	**926**

Basket Linked 1 PC

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2022	2	-	2
Profit and Total Comprehensive Income for the year	-	-	-
Balance as at 31 December 2022	**2**	**-**	**2**

Memel Capital PCC

	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2022	2	924	926
Distributions to shareholders	-	(620)	(620)
Profit and Total Comprehensive Income for the year	-	760	760
Balance as at 31 December 2022	**2**	**1,064**	**1,066**

Statement of Cashflows

	Notes	Basket Linked 1 PC 31 Dec 2022 £	Memel Capital PCC 31 Dec 2022 £	Basket Linked 1 PC 31 Dec 2021 £	Memel Capital PCC 31 Dec 2021 £
Cash flows from operating activities					
Profit for the year/period		-	760	-	924
Net movement on financial liabilities at fair value through profit or loss	7	(1,003,808)	-	1,971,755	-
Net movement on financial assets at fair value through profit or loss	4	955,749	-	(2,006,850)	-
Foreign exchange movement		(1,903)			
Movement in other receivables		-	924	-	(924)
Movement in other payables		12,964	-	35,095	-
Net cash (used in)/generated from from operating activities		**(36,998)**	**1,684**	**-**	**-**
Cash flows from investing activities					
Purchase of investments	4	(2,282,801)	-	(11,396,432)	-
Sale of investments	4	2,319,800	-	-	-
Net cash generated from/(used in) investing activities		**36,998**	**-**	**(11,396,432)**	**-**
Cash flows from financing activities					
Issue of Notes	8	-	-	11,396,432	-
Net cash generated by financing activities		-	-	**11,396,432**	-
Net increase in cash and cash equivalents		-	1,684	-	
Cash at the beginning of the year/period		**-**	2	-	2
Cash at the end of the year/period		**-**	**1,686**	**-**	**2**

The notes on pages 14 to 23 form an integral part of these Financial Statements

Notes to the Financial Statements

1 General Information

Memel Capital PCC (formally known as Memel Capital Limited) ("the Company") is a Public Cell Company whose principal place of business is at 47 Esplanade, St. Helier, Jersey JE1 0BD and was incorporated and established in Jersey on 26 June 2014 as a Company under the Companies (Jersey) Law 1991, as amended. The Company is domiciled in Jersey.

The principal activity of the Company is to issue secured and unsecured certificates under the following programmes:

- a US$50,000,000,000 Secured and Unsecured Note Programme

- a US$30,000,000,000 Secured and Unsecured Note Programme

- a USD$10,000,000,000 Certificate Programme - (dormant)

The certificates and notes are issued in the protected cells created by the Company. The certificates and notes offer exposure on a 1:1 basis to shares in certain companies, as detailed in the prospectus.

The Company changed its status from a public limited company to a public cell company on 3 February 2021 and established the first Cell on 18 February 2021. The principal activity of the Company is to issue protected cells under the programmes mentioned above. A protected cell may issue secured and unsecured notes or certificates. Each note or certificate will be linked to the reference assets as specified in the relevant pricing supplement as detailed in the prospectus. There was one protected cell in issue at the reporting date.

2 Summary of significant accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year is set out below:

Basis of preparation

These audited financial statements have been prepared on an historical cost basis, except for financial assets and liabilities designated at Fair Value Through Profit or Loss ('FVTPL') which have all been measured at fair value. The financial statements are presented in Great British Pound ('GBP'). The results for Basket Linked 1 PC have been converted from EUR to GBP at a rate of 1.128.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Going Concern

The Directors have prepared the financial statements on a going concern basis as all of the operating expenses of the Company are borne by Morgan Stanley. Accordingly the Directors are satisfied that the Company will be able to settle its liabilities as they fall due and continue in existence for a period of more than 12 months from the signing of these financial statements.

Notes to the Financial Statements

2 Summary of significant accounting policies - (continued)

New accounting standards and interpretations

(i) Standards and amendments to existing standards for reporting periods beginning on 1 January 2022:

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Company.

(ii) New standards, amendments and interpretations not yet effective for reporting periods beginning on 1 January 2023:

A number of new standards and amendments to standards and interpretations are not yet effective for reporting periods beginning after 1 January 2022, and have not been applied in preparing these financial statements. The Directors have assessed that these standards will not have a material effect on the financial statements of the Company.

	Effective Date
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Extention of the Temporary Exemption from Applying IRFS 9 - amendment to IFRS 4	1 January 2023
Initial Application of IFRS 17 and IFRS 9 Comparative Information - amendments to IFRS 17	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Financial instruments

2.1 Classification

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

- those to be measured subsequently at fair value; and

- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial instruments and the contractual terms of the cash flows.

Assets measured at fair value are Financial Assets at FVTPL and Financial Assets at Fair Value through Other Comprehensive Income ("FVOCI"), gains and losses of which will be recorded in profit or loss or other comprehensive income ("OCI") respectively. For investments in equity instruments 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 FVOCI. No such irrevocable election has been made.

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

Notes to the Financial Statements

2 Summary of significant accounting policies - (continued)

Financial instruments - (continued)

2.2 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at FVTPL which are measured initially at fair value.

2.3 Subsequent measurement of financial assets and liabilities

Financial assets

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its financial assets:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Comprehensive Income.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for those that are derivative financial instruments or financial liabilities that are held for trading i.e. the Certificates, which are classified as FVTPL.

2.4 Derecognition
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Gains and losses on sales are calculated on an average cost basis.

General expenses

The general expenses of the Company are paid by a third party, Morgan Stanley & Co International Plc, and consequently not recognised within these financial statements.

Taxation

The Company is liable to Jersey income tax at a rate of 0% (2021: 0%).

Cash & cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks. For the purpose of the Statement of Cash Flows, cash and cash equivalents are considered to be all highly liquid investments with maturity of three months or less.

Notes to the Financial Statements

2 Summary of significant accounting policies - (continued)

Functional and presentational currency

Items included in the financial statements of the Company are measured using the primary currency in which the Company operates. The financial statements are presented in Great British Pound which is the Company's functional and presentation currency. 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.

Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings

Retained earnings represent all current and prior period results of operations as reported in the Statement of Comprehensive Income, reduced by the amounts of dividends declared, if any.

Expenses

All the Company expenses other than bank charges are paid by Morgan Stanley & Co. International Plc ("Morgan Stanley") and consequently are not recognised in these financial statements. Bank charges are recognised on an accruals basis.

Revenue

Revenue is recognised when there is a new issue of series of certificates or notes from which the Company is entitled to transaction fees of US$750. In addition, income is received by the Company from Morgan Stanley to cover bank charges.

3 Accounting Estimates and Judgements

Critical accounting judgements

The Directors of the Company have considered there to be no critical accounting judgements made in respect of the preparation of these financial statements.

Key sources of estimation

The Company uses valuations received from the third party administrators of the underlying investments for periodic Net Asset Valuation calculations. Financial assets at fair value through profit or loss are independently valued on an individual basis depending on the nature of the investment. Fair value estimates are made at a specific point in time, based on market conditions and other available information. The note and certificate investments fall under Level 1, 2 and 3 of the fair value hierarchy. The table in note 4 shows a reconciliation of opening balances to the year end balances. The Directors consider there to be no other key sources of estimation uncertainty at the year end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Notes to the Financial Statements

4 Financial Assets at Fair Value Through Profit or Loss

At the year end, the Cell issued 103 unsecured Notes under the terms of the Note Programme dated 25 March 2021 as detailed below. Basket Linked 1 PC amounts have been translated to Pounds at the closing rate as at 31 December 2022.

Basket Linked 1 PC

	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
Financial assets at fair value through profit or loss	**€**	**£**	**€**	**£**
Cost of investments brought forward at the beginning of the year/period	13,552,637	11,396,432	-	-
Cost of investments purchased during the year/period	2,575,000	2,282,801	13,552,637	11,396,432
Proceeds from investments sold during the year/period	(2,616,734)	(2,319,800)	-	-
Cost of investments carried forward at the end of the year /period	**13,510,903**	**11,359,434**	**13,552,637**	**11,396,432**
Unrealised gain brought forward at the beginning of the year/period	2,386,546	2,006,850	-	-
Movements on revaluations during the year/period	(1,078,085)	(955,749)	2,386,546	2,006,850
FX gain/(loss) on translation	-	727,199	-	-
Unrealised gain carried forward at the end of the year/period	1,308,461	1,778,300	2,386,546	2,006,850
Total financial assets at fair value through profit or loss	**14,819,364**	**13,137,734**	**15,939,183**	**13,403,282**

The Cell used the proceeds from the issue of Notes detailed in note 6 to acquire interest units in the Investment Programme listed in note 1. The Cell has committed capital of €12,875,000 in BlackRock Private Equity Opportunities ELTIF (the "ELTIF") (ISIN LU1975639318). At the year end, funded commitments were €8,665,458 (2021: €6,090,458) which represented a holding of 72,293.2258 shares in the ELTIF (2021: 55,568.1024 shares). At the year end the price per share was €139.22 (2021: €153.96). The fair value of the holding was €10,064,887 (2021: €8,555,099) at the year end. The unfunded commitments and residual cash were invested into BNP Paribas Insticash EUR ID Short Term VNAV Money Market Fund (ISIN LU0783285090) (the "Money Market Fund"). At the year end 484,44.3810 (2021: 75,147.7352) units were held at a price of €98.1430 (2021: €98.2609) representing a fair value of €4,754,477 (2021: €7,384,084.09).

Memel Capital PCC	**31 Dec 2022**	**31 Dec 2021**
	£	**£**
Financial assets at fair value through profit or loss		
Cost of investments brought forward at the start of the year/period	2	-
Cost of investments purchased during the year/period	-	2
Cost of investments carried forward at the end of the year /period	2	2
Total financial assets at fair value through profit or loss	**2**	**2**

On the February 2021 Basket Linked 1 PC was created as the first protected cell of Memel Capital PCC. Memel Capital PCC is the beneficial owner of 2 shares issued at £1.00 each.

Notes to the Financial Statements

5 Other Receivables

	31 Dec 2022	31 Dec 2021
	£	£
Cell set up fees	**924**	-

6 Other Payables

	31 Dec 2022	31 Dec 2021
	£	£
Memel Capital PCC		
Share Capital due to Basket Linked 1 PC	2	2
Distributions due to shareholders	620	-
Total	**622**	**2**
Basket Linked 1 PC		
Structuring Fee payable	48,059	35,095
Total	**48,059**	**35,095**

7 Equity Share Capital

	31 Dec 2022	31 Dec 2021
Memel Capital PCC	£	£
Authorised		
Ordinary Shares of £1 each	**10,000**	**10,000**
Allotted, and called up		
2 ordinary shares of £1 each	**2**	**2**
Basket Linked 1 PC		
Authorised		
Ordinary Shares of £1 each	**10,000**	**10,000**
Allotted and called up		
2 ordinary shares of £1 each	**2**	**2**

Notes to the Financial Statements

8 Financial Liabilities at Fair Value Through Profit or Loss

At the year end, the Cell issued 103 unsecured Notes under the terms of the Note Programme dated 25 March 2021 as detailed below. Basket linked 1 PC amounts have been translated to Pounds at the closing rate as at 31 December 2022.

Basket Linked 1 PC	**Aggregate nominal amount of Certificates in Series**	**Nominal value of Certificates repurchased by the Company**	**Cost of Certificates subscribed**	**Aggregate nominal amount of Certificates in Series**	**Nominal value of Certificates repurchased by the Company**	**Cost of Certificates subscribed**
	31 Dec 2022	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2022**
		€	**€**		**£**	**£**
Series						
€13,552,637 Programme notes	103	131,579	13,552,637	103	110,644.90	11,396,425
Total	**103**	**131,579.00**	**13,552,637**	**103**	**110,644.90**	**11,396,425**

	Fair value per Note	**Fair Value of Subscribed Notes**	**Fair value per Note**	**Fair Value of Subscribed Notes**
Series	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2022**
€13,552,637 Programme notes	**€**	**€**	**£**	**£**
	143,351	14,765,153	127,084	13,089,675
Total	**143,351**	**14,765,153**	**127,084.22**	**13,089,675**

	€	£
Unrealised fair value movement brought forward	2,344,811	1,971,754
Unrealised fair value movement for the year/period	(1,132,295)	(1,003,808)
FX (gain)/loss on translation	-	725,304
Fair value movement on liabilities measured at fair value through profit or loss	**1,212,516**	**1,693,250**

Notes to the Financial Statements

8 Financial Liabilities at Fair Value Through Profit or Loss - (continued)

Basket Linked 1 PC

	Aggregate nominal amount of Notes in Series 31 Dec 2021	Nominal value of Notes repurchased by the Company 31 Dec 2021	Cost of Notes subscribed 31 Dec 2021	Aggregate nominal amount of Notes in Series 31 Dec 2021	Nominal value of Notes repurchased by the Company 31 Dec 2021	Cost of Notes subscribed 31 Dec 2021
Series	**€**	**€**	**€**	**£**	**£**	**£**
€13,552,637 Programme notes	103	131,579	13,552,637	103	110,644.90	11,396,432
Total	**103**	**131,579**	**13,552,637**	**103**	**110,644.90**	**11,396,432**

	Fair value per Certificate	Fair value per subscribed Certificate	Fair value per Certificate	Fair value per subscribed Certificate
Series	**€**	**€**	**£**	**£**
€13,552,637 Programme notes	154,344.16	15,897,448	129,788.15	13,368,179
Total	**154,344.16**	**15,897,448**	**129,788.15**	**13,368,179**

	€	£
Unrealised fair value movement	2,344,811	1,971,755
Fair value movement on financial liabilities measured at fair value through profit or loss	**2,344,811**	**1,971,755**

Notes to the Financial Statements

8 Financial Liabilities at Fair Value Through Profit or Loss (continued)

The notes a constitute a straight pass-through exposure, net of fees, to the underlying investments detailed in note 4. The notes are limited recourse to the proceeds of the investments. The note holders shall have only the Notes issued by the Cell and no rights or claims against any other assets.

The amount of the Cell's obligations in respect of the Notes is dependent on the performance of the underlying investment in the interest units of the Investment Programmes that each of the Notes is exposed to, repaid to the Note holders. The investment in the Notes is not capital protected and therefore any negative performance of which will in turn determine the amounts interest units in each of the underlying Investments will be reflected in the redemption price, which could result in a total loss on redemption of the Notes.

The holders of the Notes have no shareholder rights and no duty to cover losses. As per the Prospectus, Crestbridge Fund Administrators Limited, acting as the Calculation Agent, will determine the termination amount, liquidation repayment amount or the repayment of the repurchase price. Following the issue of the Notes detailed above there are no Notes available for issue under the Note Programme dated 25 March 2021.

9 Related Party Transactions

During the year £21,664 (2021: £12,164) was due to Crestbridge Corporate Services Limited in respect of services of which £21,664 (2021: £12,164) was outstanding at the year end. As these expenses are paid by a third party they have not been recognised in these financial statements.

S Conroy and T Ridgway, Directors of the Company and its protected cells, are senior employees of Crestbridge Limited an afiliate entity of Crestbridge Corporate Services Limited, which provides administration services to the Company at normal commercial rates. T Ridgway is a Director of Crestbridge Corporate Trustees Limited the ultimate controlling party as Trustee of the Memel Charitable Trust.

10 Risk Management

The Company's investment activities could expose it to various types of risk in the future, which are associated with the financial instruments in which it intends to invest. These activities could expose the Company, in varying degrees, to elements of credit risk, market risk (including foreign exchange risk and interest rate risk) and capital management risk. The Company's risk management policies employed to manage these risks are discussed below.

(a) Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has been entered into with the Company. Credit risk is the potential exposure of the Company to loss in the event of non-performance by the counterparties. The Directors consider that the Company is not exposed to any material net credit risk as the notes issued have limited recourse to the proceeds of the investments and hence, amounts due to the Note holders are limited to the amount received from the Underlying Investments.

Notes to the Financial Statements

10 Risk Management (continued)

(b) Market risk

The Company's exposure to market risk is comprised of the following risks:

***(i)* Foreign exchange risk**

The Company is not exposed to any material foreign exchange risk as the majority of the Company's transactions are in Pound Sterling which is the Company's functional and presentational currency.

***(ii)* Interest rate risk**

Interest rate risk is the possibility that the value of an asset will decline or the value of a liability will rise as a result of an unexpected change in interest rates. As the Company has no interest bearing assets or liabilities, and its income and operating cash flows are substantially independent of changes in market interest rates, the risk is minimal.

Capital management

When managing capital, the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company aims to deliver these objectives by achieving consistent returns from its assets and maintaining sufficient liquidity with financial support from the Trustees of the Memel Charitable Trust.

11 Immediate Parent and Ultimate Controling Party

The shares are held on trust for charitable purposes. The Directors consider the ultimate controlling party to be Crestbridge Corporate Trustees Limited as Trustee of The Memel Capital Charitable Trust.

12 Segmental Reporting

The Directors, who together are the Chief Operating Decision Makers, consider that the Company comprises of one operating segment and that it operates in the country of incorporation. The Company provides the Directors with the financial information that is on an aggregated level. As such, there is no segmental information to disclose.

13 Events after the Reporting Period

On 6th February 2023 the Company established its second cell, Memel Series 2 PC. A new series prospectus was created in relation to the issue of US$2,000,000,000 notes linked to the shares of AQR Commodity 2 (Cayman) Limited for the new Cell. At the date of signing these financial statements there were 19,800,800 certificates in issue under the programme.