

# **Naya Capital Management UK Limited**

**Registered Number: 07775443 (England and Wales)**

**Annual report and audited financial statements**

**For the year ended 31 December 2018**

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## Naya Capital Management UK Limited

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Registered No: 07775443

### General information

<b>Director</b>	M Siddiqui
<b>Company secretary</b>	Throgmorton Secretaries LLP
<b>Registered office</b>	54 Baker Street London W1U 7BU
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW
<b>Bankers</b>	HSBC 4 <sup>th</sup> Floor 133 Regent Street London W1B 4HX
<b>Solicitors</b>	Schulte Roth & Zabel International LLP One Eagle Place London SW1Y 6AF

## **Director's report**

For the year ended 31 December 2018

The director presents his report and the audited financial statements of Naya Capital Management UK Limited ("the company") for the year ended 31 December 2018.

### **Restructure of the business**

Following the decision to restructure the business on 15 December 2015 and the unwinding of the final profit deferrals in Naya Management LLP ("the LLP") in 2018, the members of the LLP (including the company) decided that the LLP no longer performed any function and therefore dissolved the LLP on 16 October 2018, once the final profit deferrals had unwound.

This means that 2017 was the last year the LLP was included within the company's consolidated financial statements. As the LLP was the company's only subsidiary, the company no longer prepares consolidated financial statements. The comparative amounts shown in these financial statements are the single company amounts for 2017.

### **Results and dividends**

The company profit for the year after taxation amounted to £5,099,349 (2017: £5,701,528) as shown on page 8.

During the year, dividends totalling £5,299,751 (2017: £2,228,052) in respect of the year ended 31 December 2017 (2017: 31 December 2016) was proposed and paid.

On the 27 March 2019, an interim dividend in respect of the year ended 31 December 2018, totalling £4,947,268 was proposed.

### **Director**

The director of the company during the year and up to the date of this report was:

M Siddiqui

### **Going concern**

The company has adequate financial resources and as a consequence, the director believes that the company is well placed to manage its business risks successfully despite the economic outlook.

The director has a reasonable expectation that the company has adequate resources to continue in operational existence, and meet its liabilities as they fall due, for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the director's report and financial statements.

### **Statement of disclosure of information to the auditors**

At the date of approving this report, so far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the company's auditors are unaware. The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Pillar 3 disclosures**

The unaudited Pillar 3 disclosures of Naya Capital Management UK Limited as required by the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) Chapter 11 - Disclosure (Pillar 3) are included as an appendix to these financial statements. These disclosures are unaudited.

**Director's report (continued)**

For the year ended 31 December 2018

**UK stewardship code disclosures**

The UK stewardship code disclosures of Naya Capital Management UK Limited as required by the FCA Conduct of Business Sourcebook are included as an appendix to these financial statements. These disclosures are unaudited.

**Independent auditors**

The auditors, Rees Pollock, have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the members' meeting to approve these financial statements.

On behalf of the board



M Siddiqui

Director

Date: 24 April 2019

## **Statement of director's responsibilities**

For the year ended 31 December 2018

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the company and of the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director confirms that he has complied with the above requirements in preparing the financial statements.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

## **Strategic report**

For the year ended 31 December 2018

The director presents his strategic report for the company for the year ended 31 December 2018. The director, in preparing this strategic report, has complied with s414C of the Companies Act 2006.

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

The principal activity of the company in the year, was that of managing, on a discretionary basis, the investment and trading of fund securities on behalf of the Naya Fund, registered in the Cayman Islands, the Naya Fund LP, registered in Delaware, Naya Master Fund LP, registered in the Cayman Islands, Naya Lincoln Park Master Fund Limited, registered in the Cayman Islands, Naya Lincoln Park Fund Ltd, registered in the Cayman Islands and Nayawood LP, registered in the Cayman Islands. In addition, Naya 1740 Fund Limited, and the managed account in the name of Quantum Partners LP, were also managed.

The company is a regulated Alternative Investment Fund Manager "AIFM" and is authorised by the Financial Conduct Authority "FCA".

The results for the year and the financial position at the year end were considered satisfactory by the director. The director does not anticipate any change in the nature of the company's principal activity going forward.

### **Key performance indicators ("KPIs")**

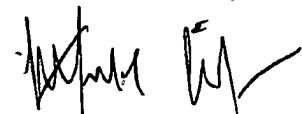
Given the straightforward nature of the business, the director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### **Financial risk management**

The key business risks and uncertainties affecting the business relate to the performance of the underlying funds managed by the company.

The Referendum of the U.K.'s Membership of the European Union ("the E.U.") (referred to as Brexit), voting for the exit of the U.K. from the E.U., could cause disruptions to and create uncertainty surrounding our business, including affecting our relationships with our existing and future counterparties. The effects of Brexit are still unknown and will depend on any agreements the U.K. makes to retain access to E.U. markets either during a transitional period or more permanently. The company is continuously monitoring and considering potential implications of Brexit.

The company is not exposed to any significant price, credit, liquidity or cash flow risk.



M Siddiqui

Director

Date: 24 April 2019

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NAYA CAPITAL MANAGEMENT UK LIMITED

### Opinion

We have audited the financial statements of Naya Capital Management UK Limited (the 'Company') for the year ended 31 December 2018, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other information

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NAYA CAPITAL MANAGEMENT LIMITED (CONTINUED)

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

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

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

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

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

### Responsibilities of director

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

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

### Use of our report

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

Philip Vipond (Senior statutory auditor)  
for and on behalf of  
**Rees Pollock, Statutory Auditor**  
24 April 2019

## Statement of comprehensive income

For the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	21,472,026	19,792,425
Administrative expenses		<u>(15,487,205)</u>	<u>(12,645,733)</u>
<b>Operating profit</b>	4	<b>5,984,821</b>	<b>7,146,692</b>
Other income		324,394	-
Interest receivable and similar income		148	4,964
Interest payable and similar charges		<u>(3,474)</u>	<u>(4,620)</u>
<b>Profit before taxation</b>		<b>6,305,889</b>	<b>7,147,036</b>
Tax on profit	7	<u>(1,206,540)</u>	<u>(1,445,508)</u>
<b>Profit for the financial year</b>		<b>5,099,349</b>	<b>5,701,528</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b><u>5,099,349</u></b>	<b><u>5,701,528</u></b>

All activities derive from continuing operations.

The notes on pages 12 - 19 form an integral part of these financial statements.

# Naya Capital Management UK Limited

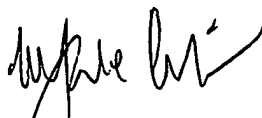
Registered No: 07775443

## Statement of financial position

As at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	8	206,579	166,461
<b>Current assets</b>			
Debtors	9	12,583,437	9,731,528
Cash and cash equivalents	10	<u>5,775,677</u>	<u>7,241,698</u>
		18,359,114	16,973,226
<b>Creditors: amounts falling due within one year</b>	11	<u>(12,072,366)</u>	<u>(10,445,958)</u>
<b>Net current assets</b>		<u>6,286,748</u>	<u>6,527,268</u>
<b>Net assets</b>		<u>6,493,327</u>	<u>6,693,729</u>
<b>Capital and reserves</b>			
Called up share capital	12	827,104	827,104
Retained earnings		<u>5,666,223</u>	<u>5,866,625</u>
<b>Shareholders' funds</b>		<u>6,493,327</u>	<u>6,693,729</u>

The financial statements were approved and signed by the director on 24 April 2019.

  
M Siddiqui  
Director

The notes on pages 12 - 19 form an integral part of these financial statements.

## Statement of changes in equity

For the year ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
<b>At 1 January 2017</b>	<b>827,104</b>	<b>2,393,149</b>	<b>3,220,253</b>
Profit for the financial year	-	5,701,528	5,701,528
Dividends paid during the year	-	(2,228,052)	(2,228,052)
<b>At 31 December 2017</b>	<b>827,104</b>	<b>5,866,625</b>	<b>6,693,729</b>
Profit for the financial year	-	5,099,349	5,099,349
Dividends paid during the year	-	(5,299,751)	(5,299,751)
<b>At 31 December 2018</b>	<b>827,104</b>	<b>5,666,223</b>	<b>6,493,327</b>

The notes on pages 12 - 19 form an integral part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit before tax for the financial year		6,305,889	7,147,036
Interest receivable and similar income		(148)	(4,964)
Interest payable and similar charge		3,474	4,620
Depreciation of tangible assets	8	48,590	50,323
Increase in debtors		(2,496,052)	(5,534,275)
Increase in creditors		3,068,663	2,952,183
Corporation tax paid		(3,004,652)	(450,382)
<b>Net cash inflow from operating activities</b>		<b>3,925,764</b>	<b>4,164,541</b>
<b>Cash flows from investing activities</b>			
Interest received		148	4,964
Interest paid		(3,474)	(4,620)
Payments to acquire tangible fixed assets	8	(88,708)	(23,250)
<b>Net cash outflow from investing activities</b>		<b>(92,034)</b>	<b>(22,906)</b>
<b>Cash flows from financing activities</b>			
Dividends paid during the year	13	(5,299,751)	(2,228,052)
<b>Net cash outflow from financing activities</b>		<b>(5,299,751)</b>	<b>(2,228,052)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,466,021)</b>	<b>1,913,583</b>
Cash and cash equivalents at beginning of year		7,241,698	5,328,115
<b>Cash and cash equivalents at the end of year</b>	10	<b>5,775,677</b>	<b>7,241,698</b>

The notes on pages 12 - 19 form an integral part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2018

### 1. Accounting policies

#### 1.1 General Information

Naya Capital Management UK Limited is a limited company registered in England. Its registered office and principal place of business is 54 Baker Street, London W1U 7BU.

#### 1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgment in applying the company's accounting policies (note 2).

The following principal accounting policies have been applied:

#### 1.3 Restructure of the business

Following the decision to restructure the business on 15 December 2015 and the unwinding of the final profit deferrals in Naya Management LLP ("the LLP") in 2018, the members of the LLP (including the company) decided that the LLP no longer performed any function and therefore dissolved the LLP on 16 October 2018, once the final profit deferrals had unwound.

This means that 2017 was the last year the LLP was included within the company's consolidated financial statements. As the LLP was the company's only subsidiary, the company no longer prepares consolidated financial statements. The comparative amounts shown in these financial statements are the single company amounts for 2017.

#### 1.4 Going concern

The company has adequate financial resources and as a consequence, the director believes that the company is well placed to manage its business risks successfully despite the economic outlook.

The director has a reasonable expectation that the company has adequate resources to continue in operational existence, and meet its liabilities as they fall due, for the foreseeable future. Accordingly, he continues to adopt the going concern basis in preparing the director's report and financial statements.

#### 1.5 Revenue recognition

Turnover, which is stated net of value added tax, represents investment management and performance fees for services provided during the year to a number of funds. Management fees are recognised on an accruals basis, and performance fees are recognised once multiple performance conditions are all satisfied. All turnover in the year arose from continuing activities performed in the United Kingdom.

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 1. Accounting policies (continued)

#### 1.6 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the life of the lease. The value of any rent-free periods are amortised over the life of the lease.

#### 1.7 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentation currency is pound sterling. Foreign currency transactions are translated into the functional currency using the closing exchange rate of the month of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the closing exchange rate of the month of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

#### 1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment, where impairment is expected to be permanent.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	- 3 years straight line
Artwork	- not depreciated due to high residual value
Furniture & fixtures	- 3-4 years straight line
Leasehold improvements	- over the term of the lease

#### 1.9 Corporation tax and deferred taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallises and are not discounted.

#### 1.10 Deferred compensation

The company operates a remuneration policy whereby a portion of the total compensation for eligible employees is deferred over a two-year vesting period and is subject to forfeiture.

#### 1.11 Pensions

The company operates a defined contribution money purchase pension scheme. Contributions are charged in the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

#### 1.12 Cash and cash equivalents

Cash is represented by cash at bank and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

## **Notes to the financial statements (continued)**

For the year ended 31 December 2018

### **1. Accounting policies (continued)**

#### **1.13 Financial Instruments**

##### **Financial assets**

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

##### **Financial liabilities**

Basic financial liabilities, including trade and other creditors and loans due to members, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest (discounting only applies if material).

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

### **2. Critical accounting estimates and judgements**

In applying the company's accounting policies, the director is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The director's judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

Any estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

The director is of the opinion that due to the nature of the business, there are no critical accounting estimates or judgements used in the preparation of the financial statements.

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 3. Turnover

Turnover, which is stated net of value added tax, represents investment management and performance fees when the company obtains the right for consideration in exchange for its performance of services. Turnover arises from managing the investment and trading of fund securities and is recognised when the company obtains the right for consideration in exchange for its performance of services.

	2018 £	2017 £
Management fees	6,868,497	7,507,744
Performance fees	<u>14,603,529</u>	<u>12,284,681</u>
	<u><b>21,472,026</b></u>	<u><b>19,792,425</b></u>

### 4. Operating profit

	2018 £	2017 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	48,590	50,323
Auditors' remuneration:		
- fees payable to the auditors for the audit of the financial statements	19,500	10,750
Operating lease rental:		
- Land and buildings	186,067	186,067
Foreign exchange loss	<u>144,205</u>	<u>398,291</u>

### 5. Staff costs

	2018 £	2017 £
Wages and salaries (including the director)	11,593,496	8,991,615
Social security costs	1,629,091	1,235,661
Other pension costs	<u>55,843</u>	<u>132,704</u>
	<u><b>13,278,430</b></u>	<u><b>10,359,980</b></u>

The average monthly number of employees during the year was as follows:

	2018 No.	2017 No.
Investment	8	8
Operational support	3	3
Administration	<u>2</u>	<u>2</u>
	<u><b>13</b></u>	<u><b>13</b></u>

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 6. Director's remuneration

	2018 £	2017 £
Remuneration	<u>3,286,951</u>	<u>2,144,526</u>

### 7. Taxation

	2018 £	2017 £
<b>Current tax</b>		
Corporation Tax on profits for the year	1,206,566	1,442,255
Prior year adjustment	<u>(26)</u>	<u>3,253</u>
<b>Total current tax</b>	<u>1,206,540</u>	<u>1,445,508</u>

#### Factors affecting the tax charge for the year:

	2018 £	2017 £
Profit before taxation	<u>6,305,889</u>	<u>7,147,036</u>
Corporation Tax at 19% (2017: 19.25%)	1,198,119	1,375,804
<b>Effects of:</b>		
Expenses not deductible for tax purposes	20,559	46,432
Impact of timing differences	(12,112)	20,019
Prior year adjustment	<u>(26)</u>	<u>3,253</u>
<b>Total tax charge for the year</b>	<u>1,206,540</u>	<u>1,445,508</u>

The UK Government announced as part of the 2016 Finance Bill a reduction to the Corporation Tax main rate for the year starting 1 April 2020 setting the rate at 17%. This will affect future tax payable by the company.

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 8. Tangible fixed assets

	Leasehold property £	Fixtures & fittings £	Computer equipment £	Artworks £	Total £
<b>Cost</b>					
At 1 January 2018	164,072	55,249	27,674	51,058	298,053
Additions	-	-	7,317	81,391	88,708
At 31 December 2018	164,072	55,249	34,991	132,449	386,761
<b>Depreciation</b>					
At 1 January 2018	73,479	34,633	23,480	-	131,592
Charge for year	34,065	11,091	3,434	-	48,590
At 31 December 2018	107,544	45,724	26,914	-	180,182
<b>Net book value</b>					
At 31 December 2018	56,528	9,525	8,077	132,449	206,579
At 31 December 2017	90,593	20,616	4,194	51,058	166,461

### 9. Debtors

	2018 £	2017 £
<b>Due after more than one year</b>		
Rent deposit	72,000	72,000
<b>Due within one year</b>		
Prepayments and accrued income	10,255,449	8,639,243
Corporation tax	355,857	-
Other debtors	608,784	217,443
Director's loan account	1,291,347	802,842
	<u>12,583,437</u>	<u>9,731,528</u>

Amounts due from the director are unsecured, interest free, and repayable on demand.

## Notes to the financial statements (continued)

For the year ended 31 December 2018

### 10. Cash and cash equivalents

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

	2018 £	2017 £
Cash at bank	<u>5,775,677</u>	<u>7,241,698</u>

### 11. Creditors

	2018 £	2017 £
Trade creditors	215,206	70,584
Corporation tax	-	1,442,255
Other taxation and social security	76,103	129,464
Accruals and deferred income	<u>11,781,057</u>	<u>8,803,655</u>
	<u>12,072,366</u>	<u>10,445,958</u>

### 12. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
810,562 Ordinary A shares of £1 each	810,562	810,562
16,542 Ordinary B shares of £1 each	<u>16,542</u>	<u>16,542</u>
	<u>827,104</u>	<u>827,104</u>

The Class A and Class B shares rank pari passu apart from no right to the surplus asset of the company in the event of winding up or voluntary/involuntary dissolution of the company attached to the Class B shares.

### 13. Dividends

	2018 £	2017 £
Dividends paid	<u>5,299,751</u>	<u>2,228,052</u>

Interim dividends totalling £6.54 (2017: £2.75) per Ordinary A share were fully paid during the year.

An interim dividend of £6.10 (2017: £3.19) per Ordinary A share was proposed following the year end.

## Naya Capital Management UK Limited

Registered No: 07775443

### Notes to the financial statements (continued)

For the year ended 31 December 2018

#### 14. Operating lease commitments

At 31 December, the company had future minimum rentals under non-cancellable operating leases as set out below:

	2018 £	2017 £
<b>Land and buildings</b>		
Within one year	195,860	195,860
Between two and five years	<u>130,573</u>	<u>326,433</u>
	<u>326,433</u>	<u>522,293</u>

#### 15. Pension commitments

The company participates in a defined contribution money purchase pension plan. The pension cost charged during the year was £55,843 (2017: £132,704). At 31 December 2018, the outstanding contribution was £6,562 (2017: £70,101).

#### 16. Related party transactions

Naya Capital Management Limited, a company incorporated in the Cayman Islands, is the company's parent undertaking. During the year the company earned management and performance fees of £21,472,026 (2017: £19,792,425) from Naya Capital Management Limited. At 31 December 2018, £10,136,081 (2017: £8,519,347) was owed to the company and is included within Debtors (note 9).

During the year, the company made loans to the director, M Siddiqui, of £72,907 (2017: £323,085) and paid expenses on his behalf of £1,251,578 (2017: £479,757), the director made repayments of £835,980 (2017: £183,425). At 31 December 2018, the company was owed £1,291,347 (2017: £802,842) and is included within Debtors (note 9).

Key management personnel consist of the director, M Siddiqui, whose remuneration is disclosed in note 6.

#### 17. Parent undertaking and ultimate controlling party

The company's parent undertaking is Naya Capital Management Limited, a limited company registered in the Cayman Islands. The address of the parent is PO Box 309, Ugland House, Grand Cayman KY1- 1104, Cayman Islands. The ultimate controlling party is M. Siddiqui.

The largest and smallest company of undertakings for which company accounts have been drawn up which include the company is headed by Naya Capital Management Limited.

## **Appendix 1**

### **Unaudited Pillar 3 Disclosure**

#### **Disclosure Policy**

The Capital Requirements Directive (“CRD”) is the framework for implementing Basel II in the European Union. Basel II implements a risk sensitive framework for the calculation of regulatory capital. This was implemented in the United Kingdom through changes to the Financial Conduct Authority (“FCA”) Handbook of Rules and Guidance, and specifically through the creation of the General Prudential Sourcebook (“GENPRU”) and the Prudential Sourcebook for Banks, Building Societies and Investment Firms (“BIPRU”), specifically BIPRU 11.

The framework consists of three pillars:

- Pillar 1 – sets out the minimum capital requirements for the investment manager;
- Pillar 2 – deals with the Internal Capital Adequacy Assessment Process (“ICAAP”) undertaken by the Firm to assess the adequacy of capital held in relation to its material risks; and
- Pillar 3 – requires the Firm to publicly disclose its policies on risk management, capital resources and capital requirements.

Naya Capital Management UK Limited’s (“Naya” or the “Firm”) Pillar 3 statement is set out below. The regulatory aim of the disclosure is to improve market discipline.

Naya makes Pillar 3 disclosures annually, via a statement on its website. The information contained in this disclosure is accurate as at 31 December 2017. It has not been audited by Naya’s external auditors and does not constitute any form of financial statement.

The Firm may, from time to time, omit certain information relating to BIPRU 11.5 on the basis that it has been deemed to be immaterial or proprietary/confidential. The Firm regards information as material in the disclosure if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. The Firm regards information as proprietary/confidential if sharing that information with the public would undermine its competitive position. Proprietary/confidential information may include information on products or systems which, if shared with competitors, would render the Firm’s investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality.

#### **Background to the Firm**

The Firm is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised by the FCA, for capital purposes, as a collective portfolio management investment (“CPMI”) firm. It is an investment management firm and has no trading book exposures. The Firm is not required to prepare consolidated reporting for prudential purposes.

## **Appendix 1 (continued)**

### **Unaudited Pillar 3 Disclosure**

#### **Capital Resources Requirement**

##### **Pillar 1 - Minimum Capital Requirements**

As a CPMI firm, Naya has an initial capital requirement of €125k and an ongoing capital resource requirement which comprises the greater of:

- i. sum of market risk and credit risk (for non-AIFM business); and
- ii. the funds under management requirement (the sum of the Firm's base own funds requirements of €125k plus 0.02% of the amount by which the Firm's funds under management (related to the Funds) exceed €250m); and
- iii. the own funds based on fixed overheads requirement; plus (for ii or iii):

Whichever is the applicable of:

- i. the professional negligence capital requirement ("additional own funds requirement"); or
- ii. the professional indemnity insurance ("PII") capital requirement.

Naya calculates the credit risk applicable to its non-AIFM activities under the simplified approach.

On average throughout the year the Firm has deemed the FOR to be the higher of these values and this is therefore used for the purposes of the Pillar 1 calculation.

As Naya does not deal as a principal and holds no current assets other than cash, in sterling or foreign currency, the Firm's non-trading book market risk requirement is the Foreign Currency Position Risk Requirement for which the Firm multiplies the sum of the absolute values of its 'open currency position' by 8%.

##### **Pillar 2 – ICAAP**

The Firm's ICAAP includes an assessment of the design and performance of the internal controls in place to mitigate risks, the probability of the risk occurring, the potential financial and reputational impact, and the adequacy of the Firm's capital base.

The ICAAP is the process through which Naya determines that it is able to identify and manage its key risks on an on-going basis and ensure that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm. The Chief Operating Officer ("COO") is responsible for the ICAAP within Naya and consulted with other relevant members of staff to ensure the accuracy of his findings.

The Firm's Senior Management Company ('SMG') formally reviews and approves a finalised ICAAP document on at least an annual basis (or more frequently if there are material changes to the Firm's business model and risk exposures). The SMG, as part of its review of the ICAAP, sets the Firm's risk appetite, confirms that the Firm's key material risks have been considered and assessed, and validates the stress testing scenarios.

## Appendix 1 (continued)

### Unaudited Pillar 3 Disclosure

#### Capital resources

Main features of the Firm's Capital Resources are as follows:

Capital Item	£'000s
Tier 1 capital less innovative tier 1 capital	1,394
Tier 2 capital	-
Tier 3 capital	-
Total capital resources, net of deductions	1,394

#### Risk Management Objectives and Policies

Due to the nature, size and complexity of the Firm, Naya does not have an independent risk management function. The SMG is responsible for the management of risk within the Firm and their individual responsibilities are clearly defined.

Naya has clearly documented policies and procedures (these are contained in the Firm's Policies and Procedures manual), which are designed to minimise risks to the Firm and all staff are required to confirm that they have read and understood them.

Naya undertakes an ICAAP at least annually, which is the process through which Naya determines that it is able to identify and manage its key risks on an on going basis and that it has sufficient capital in respect of such risks. The process is forward looking and is an integral part of the management of the Firm. Following the completion of the ICAAP, the Firm has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

#### Remuneration

Naya must comply with the remuneration rules as set out in Article 14 of the Alternative Investment Fund Managers Directive ("AIFMD") and SYSC 19B of the FCA Handbook ("the AIFM Remuneration Code"), as well as SYSC 19C ("the BIPRU Remuneration Code"). The purpose of these Remuneration Codes is to ensure that firms have risk focused remuneration policies, which are consistent with and promote effective risk management and do not expose themselves to excessive risk. The Firm has reviewed all existing employment contracts to ensure they comply with the Codes.

The SMG is responsible for setting the Remuneration Policy Statement for all staff and the Compliance Officer is a member of the SMG. No external consultants have been engaged on remuneration matters.

## Appendix 1 (continued)

### Unaudited Pillar 3 Disclosure

#### Remuneration (continued)

The Remuneration Codes can (subject to certain conditions being met) be applied in a proportionate way. As such the SMG has determined that it is not proportionate for the Firm to apply the following detailed rules in setting the Firm's Remuneration Policy:

- SYSC 19B 1.17 – Retained units, shares and other instruments;
- SYSC 19B.1.18 – Deferral; and
- SYSC 19B.1.19, 19B 1.20 – Performance adjustment

Variable remuneration is not based solely on the financial performance of the individual. The SMG also considers individuals' overall (non-financial) performance and contribution to the whole team and the overall results of the clients' investments, as well as the Firm itself. The performance of the individual is assessed over the entire year.

#### Quantitative Information

The Firm only has one business area – that of managing investments with discretion on behalf of clients. The Firm received the following aggregate amount of remuneration in respect of that business line:

	£'000s
Discretionary investment management	11,000

## **Appendix 2**

### **Unaudited UK Stewardship Code Disclosure**

#### **Commitment to the UK Stewardship Code**

Under Rule 2.2.3R of the Financial Conduct Authority's ("FCA") Conduct of Business Sourcebook, Naya Capital Management UK Limited ("Naya" or "the Firm"), to the extent it is managing investments for a professional client (as defined by the FCA), is required to include a disclosure about the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, explain its considered choice based on the firm's investment approach. The Code is a voluntary code and sets out a number of principles relating to engagement by investors in UK-listed companies.

The Firm invests in a variety of asset classes in a variety of jurisdictions globally and exposure to U.K. listed companies is chiefly achieved through investment in (non-voting) financial derivative positions.

Therefore, whilst Naya generally supports the objectives that underlie the Code, the nature of the financial instruments it uses to execute its strategy do not allow it to formally engage with investee companies through voting rights. The Firm has therefore chosen not to commit to the Code at this time.