Registered number: 08474039

BNF CAPITAL LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2022

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Tangible assets	4		1,078,539		*16,899*
			1,078,539		*16,899*
Current assets					
Debtors	5	6,801,678		*11,519,367*	
Cash at bank and in hand		3,316,784		*1,783,303*	
		10,118,462		*13,302,670*	
Creditors: amounts falling due within one year	6	(7,525,763)		*(10,818,991)*	
Net current assets			2,592,699		*2,483,679*
Creditors: amounts falling due after more than one year	7		(304,381)		-
Provisions for liabilities					
Deferred tax	9		(358,681)		-
Net assets			3,008,176		*2,500,578*
Capital and reserves					
Called up share capital	10		69,003		*69,003*
Profit and loss account	11		2,939,173		*2,431,575*
Shareholders' funds			3,008,176		*2,500,578*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N J Fallows
Director

Date: 26 April 2023

The notes on pages 3 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

BNF Capital Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 08474039). The registered office address is 26 St. James's Square, London, SW1Y 4JH.

The principal activity of the Company is to provide investment advisory and administration services to various entities.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have reviewed the projected income, expenses and cash flows for the Company over the next twelve months. The Company is confident that the entities it advises have adequate financial resources to meet their obligations and continue in operational existence for the foreseeable future. Therefore, the directors have a reasonable expectation that the Company itself has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months after the balance sheet signing date.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates 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 exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Accounting policies (continued)

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Turnover is recognised in the period in which services are rendered in line with service agreements with clients. Turnover is only recognised where the Company has a contractual right to receive consideration for work undertaken, the amount can be reliably measured and it is probably that future economic benefits will flow.

The Company derived revenues during the year in the following ways:

- 7.5% mark-up on costs less other revenue streams earned during the year
- Investment advisory fees based on contractual terms

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 20%
Computer equipment	- 33.33%
Other fixed assets	- 33.33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 15 *(2021 - 13)*.

4. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	-	3,490	18,309	21,799
Additions	809,014	417,335	27,744	1,254,093
At 31 December 2022	809,014	420,825	46,053	1,275,892
Depreciation				
At 1 January 2022	-	2,328	2,572	4,900
Charge for the year	80,901	100,029	11,523	192,453
At 31 December 2022	80,901	102,357	14,095	197,353
Net book value				
At 31 December 2022	728,113	318,468	31,958	1,078,539
At 31 December 2021	*-*	*1,162*	*15,737*	*16,899*

5. Debtors

	2022 £	*2021 £*
Trade debtors	4,851,829	*4,230,284*
Other debtors	1,663,395	*4,610,923*
Prepayments and accrued income	151,160	*2,678,160*
Deferred tax asset	135,294	-
	6,801,678	*11,519,367*

6. Creditors: Amounts falling due within one year

	2022 £	*2021* *£*
Trade creditors	936,916	*4,660,394*
Corporation tax	-	*94,778*
Other taxation and social security	249,400	*1,648,266*
Other creditors	1,574,530	*122,974*
Accruals and deferred income	4,764,917	*4,292,579*
	7,525,763	*10,818,991*

As at 31 December 2022, there were no contingent liabilities *(2021 - £Nil)*.

7. Creditors: Amounts falling due after more than one year

	2022 £	*2021* *£*
Rent-free accrual	304,381	-
	304,381	-

8. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Company consists of equity of the Company (comprising issued capital and retained earnings).

Under the requirements of the Financial Conduct Authority the Company is required to hold a minimum capital balance of the higher of its fixed overheads requirement (usually 25% of the Company's fixed overheads for the previous year, less deductions permitted by the FCA), and £75,000. As of 31 December 2022, the Company's minimum capital adequacy requirement was £1,106,000.

No sensitivity to market movements or interest rates has been performed as the majority of expenses are in GBP; expenses in foreign currencies, including expenses included within creditors at the year end are considered immaterial.

9. Deferred taxation

	2022 £
Charged to profit or loss	(358,681)
At end of year	(358,681)

The deferred taxation balance is made up as follows:

	2022 £	*2021 £*
Accelerated capital allowances	(358,681)	-
	(358,681)	-

10. Share capital

	2022 £	*2021 £*
Allotted, called up and fully paid		
69,000 Class B (income) shares of £1.00 each	69,000	*69,000*
Allotted, called up and partly paid		
3 Class A (voting) shares of £1.00 each	3	*3*

The Class A (voting shares) have the right to vote but restriction of no entitlement to receive income. Class B (income shares) are non-voting shares but have the right to receive income.

11. Reserves

Profit and loss account

The profit and loss account incudes the accumulated profits and losses of the Company since inception to date, net of any dividends paid to shareholders.

12. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £76,765 *(2021 - £68,423)*. Contributions totalling £Nil *(2021 - £Nil)* were payable to the fund at the balance sheet date and are included in creditors.

13. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	*2021* *£*
Not later than 1 year	636,756	*193,807*
Later than 1 year and not later than 5 years	2,966,005	*378,056*
	3,602,761	*571,863*

14. Related party transactions

Total emoluments paid to directors in the year were £1,099,264 *(2021 - £3,478,703)*. The directors are considered to be key management of the entity as they have the authority and responsibility for planning, controlling and directing the activities of the Company.

The Company acts as agent for third-party entities and makes payments on their behalf to owners with a participating interest but records no income and expenditure in its own Statement of Comprehensive Income in respect of this expenditure.

Total emoluments earned by owners with a participating interest in the Company in the year were £2,490,950 *(2021 - £1,777,258)*.

15. Controlling party

The directors do not consider there to be an ultimate controlling party.

16. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2022 was unqualified and there were no matters to which the auditor drew attention by way of emphasis. The audit report was signed on 26/04/2023 by Daniel Quilter of CLA Evelyn Partners Limited in his own name as Senior Statutory Auditor..

BNF CAPITAL LIMITED ("BNF" or the "Firm")

MIFIDPRU 8 DISCLOSURES 31 DECEMBER 2022

Introduction

BNF Capital Limited ("BNF" or the "Firm"), is authorised and regulated as a limited license firm by the Financial Conduct Authority ("FCA"). The Firm is categorised as an SNI MIFIDPRU Investment Firm for prudential supervision. It is an advisor/arranger investment firm and as such has no trading book exposures. The Firm does not hold client money.

As part of its regulatory framework BNF is subject to making public disclosures in line with MIFIDPRU 8 in the FCA Handbook which requires these public disclosures in relation the Firm's Own Funds, its Own Funds Requirements, Senior Management's control of business risks as well as the Firm's remuneration practices.

Scope of Application of the Requirement

The disclosures contained in this document relate to the business of BNF, whose principal business is to provide advisory and arranging services to professional clients.

Own Funds

The Firm's Own Funds as of 31st March 2022 are summarised as follows:

Capital item	**£'000**
Ordinary Share Capital including share premium (Common Equity Tier 1 Capital)	69
Audited retained earnings (Common Equity Tier 1 Capital)	2,939
Total own funds	**3,008**

There were no deductions from CET 1 capital as of 31 December 2022:

Own Funds Requirements

The Firm has a simple operational infrastructure. Its market risk is limited to foreign *exchange risk on its accounts receivable in foreign currency, and credit risk from fees* as well as other fee debtors in addition to cash at bank. In line with MIFIDPRU prudential requirements the Firm assesses impact of any credit or market through the Firm's ICARA (Individual Capital Adequacy Risk Assessment) using a risk-based approach.

In line with MIFIDPRU rules the Firm is categorised as an SNI Investment Firm subject to on-going prudential requirements which were as follows as of 31 December 2022:

	£,000
➢ Permanent Minimum Requirement (PMR)	75
➢ Fixed Overheads Requirement (FOR)	1,196
➢ Own Funds Threshold Requirement	1,196
➢ Liquid Assets Threshold Requirement	699

The applicable capital adequacy requirement would be the "Own Funds Threshold Requirement" which takes account of the impact of risk assessment or of any potential wind down costs.

Risk Management

BNF is mainly exposed to business risk and operational risk. BNF's approach is to have in place processes and controls that are proportionate when considering the scale of the business operations. The risk map clearly identifies these items. BNF's ICARA, as an assessment of the business and operational risks, provides a framework for addressing those risks. Senior Management also determines how risks may be mitigated and assesses on an ongoing basis the arrangements needed to manage those risks..

Revenue is a cost-plus model of remuneration for the Firm and not dependent on performance related fees and is also not subject to any exchange rate fluctuations that may affect revenue receipts.

BNF addresses ongoing and changing risk and the range of potential risks by monitoring its business and by creating a culture consistent with low risk and risk awareness.

Operational Risk
The firm places strong reliance on the operational procedures and controls that it has in place to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The firm has identified several key operational risks to manage. These risks are detailed in the ICARA Risk Management Framework and include risks of failure to meet regulatory requirements, failure of infrastructure or systems, loss of staff or inadequate staffing including key man risk, inadequate financial controls, failure of a supplier or third-party provider, inadequate procedures, errors, or omissions with respect to investment management operations, as well as legal risks and the risks associated with financial crime and market abuse. Appropriate polices are in place to mitigate against these risks, which includes taking out adequate professional indemnity insurance.

Market risk
The Firm takes no market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in currencies other than GBP. The Firm assesses the impact of this in its ICARA. Foreign exchange risk is not considered to be material for the purposes of this disclosure.

Market Risk can indirectly impact upon the Firm where there is a diminution in the values of funds it manages which arises because of exposures to financial instruments that are a constituent of the Fund. Appropriate policies to ensure that the Funds are managed in line with the management mandates are in place.

Liquidity risk
The Firm's policy is to maintain Liquid Assets at a level of 120% or more of its Threshold Liquid Assets Requirement. Senior Management believes that this policy is more than sufficient to cover the liquidity risks faced by the Firm.

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or that financial resources can only be secured at excessive cost.

The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under normal business conditions. The firm has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds. Additionally, the cash position of the firm is regularly monitored by Senior Management.

The Firm's policy regarding liquidity risk is maintained within the ICARA.

Remuneration

The Firm has adopted a remuneration policy that complies with the requirements of chapter SYSC 19G of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook (SYSC), as interpreted in accordance with the FCA's guidance publication entitled "General Guidance on Proportionality: The Remuneration Code (SYSC 19G), MIFIDPRU 8 disclosures and subsequent items of guidance issued by the FCA.

As a simple SNI the remuneration policy is prepared taking proportionality into account and the Senior Management of the Firm can confirm that this remuneration policy is a gender-neutral remuneration policy in line with the Equality Act 2010.

The RPS has been carefully considered by Senior Management to ensure that the Firm's remuneration policies and practices are in line with the business strategy, objectives, and long-term interests of the firm. The Firm's risk appetite, culture and values have been considered as well as avoiding conflicts of interest and promoting responsible business conduct.

As an SNI, the Firm is not required to have a remuneration committee. Senior Management oversees the implementation of the Firm's policies and practices established in this RPS.

The Firm's senior management will as standard practice conduct a review of whether the implementation of its remuneration policies and practices comply with this RPS adopted by the Firm.

Senior Management will ensure that staff engaged in control functions are independent from the business they oversee and have appropriate authority; and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.