

REGISTERED NUMBER: OC325178 (England and Wales)

**REPORT OF THE MEMBERS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
HYBRIDAN LLP**

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FOR THE YEAR ENDED 31 MARCH 2022**

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HYBRIDAN LLP
GENERAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022

DESIGNATED MEMBERS: Ms C L Noyce
Constance Securities Limited

REGISTERED OFFICE: 2 Jardine House
Harrobian Business Village
Bessborough Road
Harrow
Middlesex
HA1 3EX

REGISTERED NUMBER: OC325178 (England and Wales)

AUDITORS: Barber & Company (Statutory Auditors)
A trading name of PCM Accounting Limited
2 Jardine House
Harrobian Business Village
Bessborough Road
Harrow
Middlesex
HA1 3EX

**REPORT OF THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2022**

The members present their report with the financial statements of the LLP for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activity of the LLP in the year under review was that of brokers undertaking corporate finance and corporate broking, including fund raising activities for public and private small cap companies.

REVIEW OF BUSINESS

The members are pleased with the financial results for the period and are happy that market conditions in listed smaller companies was more positive. We are delighted with the financial position at the balance sheet date. We are happy with Hybridan's level of profits, noting that many SMEs have had the positive "Covid-19 effect" of cost savings, followed by a "boom" in the fundraising environment for small caps. We are however heading into a more inflationary, lower business volume environment.

The Partnership continues to strive for professional excellence and variety also in its corporate client base, market activities, markets it is active in and type of client mandates.

The members are expecting the Partnership to have a smaller increase in current business levels in the next year from April, 2022 through to March, 2023. The members look forward to maintaining and if possible growing the number of corporate clients both in the listed and also in the unlisted environment which may be facing less headwinds. The members believe that 2023 will hold much more uncertainty than the listed small cap positive gains, market action, and buoyancy of 2021/2022, but diversity of client base and revenue streams will be key to maintaining the current levels of business.

The Partnership continues to be relationship driven corporate finance led corporate broking, interacting with both private and listed corporate clients to a wide and diverse investor base.

The financial instruments and key performance indicators used by the Limited Liability Partnership arise wholly and directly from its activities and they comprise of turnover, turnover by segment, profitability, debtors, cash at bank and creditors, as well as pipeline and cross selling opportunities.

DESIGNATED MEMBERS

The designated members during the year under review were:

Mrs C L Noyce
Constance Securities Limited

In addition to the designated members, the non-designated members during the year were:

A J Barber
E K Ford

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The profit for the year before members' remuneration and profit shares was £822,227 (2021 - £572,223 profit).

MEMBERS' INTERESTS

Details of members' interests are set out in detail in the notes to the financial statements.

**REPORT OF THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2022**

PILLAR 3 DISCLOSURE

1. INTRODUCTION

The Basel II Accord has been implemented by the European Union through the Capital Requirements Directive ("CRD"). The CRD details the standard regulatory capital framework for the financial services industry within the EU and consists of three pillars:

Pillar 1 specifies the minimum capital requirements of firms to cover credit, market, and operational risk;

Pillar 2 requires firms to assess the need to hold additional capital to cover risks not covered under Pillar 1; and

Pillar 3 requires a set of disclosures to be made which enable market participants to access information on a firm's capital, risk exposures and risk management procedures.

The following is Hybridan LLP's Pillar 3 disclosure in accordance with the requirements of the Financial Conduct Authority ("FCA") Rules.

2. DATE OF DISCLOSURE

This disclosure is based on Hybridan's financial position as reported to the FCA at 31st March 2022.

3. SCOPE OF APPLICATION

Hybridan LLP is authorised and regulated by the FCA and is a member firm of the London Stock Exchange plc, and a member firm of the Aquis exchange and its two markets.

4. RISK MANAGEMENT

The Managing Partner and Partners are responsible for identifying risk and setting risk appetite.

As there is no Market Risk and Credit Risk (including Concentration Risk) will only relate to receivables in the form of trade debtors and prepayments, and these will be tightly controlled by the Managing Partner, the focus of the Hybridan risk management framework will be on Operational and other associated risks. A full list of risk factors considered by the firm's Managing Partner is set out below.

4.1 Covid-19, Inflationary pressures, Supply chain disturbances and Ukraine

As with all businesses, the unprecedented uncertainty of how the Covid-19 crisis has played out produces financial risk. However, existing cash reserves, and an increase in business notably new clients and fundraises, have provided Hybridan LLP with a sustainable and pleasing financial position for both the short and medium terms.

The board continues to closely monitor and assess developments, and is engaging face to face increasingly with clients as SMEs (our client base) face huge challenges in this environment of further regulatory and audit changes, changes in the primary and secondary markets' structures and also soaring inflation.

4.2 Key person risk and hiring

Hybridan's business strategy is dependent on generating sufficient income from transactional revenues and retainer income. The firm is dependent on several key individuals. The business is focused on hiring those who are both well connected in the small cap market and who have the ability to generate revenues and introduce new corporate clients, and the next generation of enthusiastic salespeople, corporate brokers and corporate financiers. Hybridan is committed to Diversity and Inclusion and focused on hiring both the best from a diverse broad base of candidates always. The current climate and push to ESG policies and best practice means it is a great time to keep D&I at the forefront of driving one's business forward.

It is worth making a comment that generally companies of all sizes are struggling when it comes to staff turnover and the dynamic of the relationship between employer and employee is evolving. Hybridan is endeavouring to balance this new employment landscape and in a transparent, sustainable and inclusive way and therefore naturally aims to have a lower than average employee turnover.

**REPORT OF THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2022**

4.3 Negligence Risk

As the firm will be providing advisory services to corporate clients there is a risk that negligent advice may be given to a client. Additionally, as investors may rely upon the firm to carry out due diligence on investee companies there is a risk that the due diligence may be negligent. These factors could result in legal action being taken against the firm for negligence (with a substantial monetary impact) and / or reputational damage to the firm (again with loss of business leading to monetary impact). These risks can never be fully mitigated but with strong project management discipline and a "four eyes" policy, (whereby all but the most insignificant matters are discussed, reviewed, and agreed by the Managing Partner and senior members of staff) a high degree of professionalism is assured.

The expertise of the Managing Partner over several decades covers different disciplines such as research, sales and trading, corporate broking, but other senior employees bring corporate broking, sales, trading management consultancy and accountancy, however the maintenance of appropriate levels of expertise (whether sourced internally or externally) can also go some way to mitigating risks. We believe that our internal systems and controls will reduce the possibility of these risks crystallising.

4.4 Investor Risk

There is a risk that an investor that commits to participate in a fundraising (typically by signing a placing letter) defaults on its contractual obligations to subscribe for the relevant securities. This risk is mitigated by only accepting orders from investors that we consider to be in good standing and repute in the market and by ensuring that Hybridan's liability to corporate clients to remit the proceeds of a fundraising is limited only to the extent to which investors have remitted cleared funds.

Investors are impacted by changes to for example VCT and EIS and unbundling in MIFID II regulation which has affected our business. Ongoing continuous regulatory changes are ever present and time consuming. The greatest risk is lack of liquidity for smaller companies in volatile inflationary ridden markets forcing investors to go up the market capitalisation curve away from small and mid-caps. The Lord Hill Listings review has had unintended consequences on the listed SME market, along with general changes to audit practice bringing further obligations and an increased cost of further FCA reviews of the primary and secondary markets with grave consequences for smaller companies potentially.

4.5 Corporate Risk

There is a risk that we are misled by corporate clients for which we raise funds. We mitigate this risk by performing our own due diligence on the materials provided by the corporate client (which is subject to our four eyes policy), making third party checks as we consider appropriate and in the case of fundraising for clients taking personal warranties from the client's directors in a placing agreement prepared by Hybridan's lawyers. Lawyers are now always retained by Hybridan. In the case of a subsequent fundraising, a placing agreement would still be required but the warranties and indemnities are likely to be sought from the corporate client only, although directors' warranties are often sought and a limited scope on director undertakings are always obtained. It is important that Company communications have relevant disclosures carving out Hybridan's responsibility for the materials and Hybridan indeed provides its corporate client with the relevant disclaimer.

4.6 Business Continuity and Disaster Recovery

Hybridan's business activities are not materially dependent on technology and rely more on the expertise and skills of the individuals running the business. The availability of adequate infrastructure is a risk that is always present but due to the nature of the business activities being undertaken (in terms of volume and processes) alternative arrangements can and have easily been implemented. All electronic data is now stored in the cloud. The firm uses Microsoft 365 One Drive with two factor step authentication and all employees have new laptops now with two factor passwords and pin numbers. IT back up and support arrangements are in place and individuals can work both from home efficiently and in an office environment. Both environments are important to any business strategy going forwards. Hybridan is looking closely at enhanced cybersecurity insurance policies. Hybridan is also monitoring cyber risks with new key processes, and with new systems of reporting and data capture in compliance.

**REPORT OF THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2022**

4.7 Performance and reputational risks

As with any business, there is performance risk that may also lead to reputational risk. Hybridan is exposed to the reputational risk of lower than expected levels of investment returns that will lead to reduced investor interest and will therefore affect income streams and profitability. Hybridan is a small Company and the Managing Partner has close control over ongoing profitability - if it appears that income streams are reduced, action can be taken very quickly to try to mitigate this risk, although in this inflationary environment, with firms tending to gravitate away from "small is beautiful", this becomes harder. However, if there is a sustained and material impact on the firm's ability to generate sufficient income and doubts as to whether the business remains a going concern, the ultimate reaction would be to wind down in an orderly fashion. As Hybridan will not have market positions and only books income on a prudent basis, the level of Fixed Overhead Requirement gives the firm three months wind down costs - this is appropriate in the extreme circumstance noted above. Hybridan's Managing Partner keeps a close eye on these wind-up costs and goes through a thorough analysis once a year.

4.8 Market risks

Hybridan is exposed to the health of the financial markets and to the AIM market and Aquis market, as well as the Standard list of the Main Market given its reliance on raising equity for companies from institutional investors. This risk is mitigated by the firm's membership of the LSE, which enables it to be a Broker for AIM listed companies, and membership of Aquis as a Corporate Adviser to Aquis companies and build retainer income on that basis. As a minimum market capitalisation has now been brought into the Main Market, and the Main Market is also undergoing a review which will likely see the Standard list disappear, and with AIM enjoying lower levels of business and Aquis suffering from liquidity issues of companies on its market, the listed landscape is getting harder to navigate.

Given the firm's simplicity and the diversity of expertise of the Managing Partner and senior staff, a range of mandates can also be secured within the M&A and private company advisory and consultancy areas. Regulation affects our and our clients' businesses and there is still a lot of it that everyone has had to get to grips with. Hybridan has taken a market wide view regardless of AIM, Standard List or Aquis in terms of retained clients and fundraising.

4.9 Risk Appetite

The risk appetite of Hybridan is low. Hybridan does not take principal positions and manages the risks outlined above to mitigate as much risk as possible.

4.10 Other risks

The government work-based pension's scheme is working well at Hybridan. Hybridan retains consultants to manage the scheme for itself to reduce the risks associated with getting a date or detail incorrect.

There is no concentration risk exposure.

**REPORT OF THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2022**

5. SUMMARY PILLAR 1 AND PILLAR 2 CALCULATIONS

Hybridan LLP: Summary capital position as reported to the FCA at 31st March 2022:

	Pillar 1 Minimum capital (£'000)	ICAAP Pillar 2 Capital (£'000)
Base requirement	43	n/a
Credit risk	0	0
Market risk	0	0
Operational risk	n/a	0
Fixed overhead requirement (FOR)	91	n/a
Pillar 1 total	91	n/a
Pillar 2 operational risk	n/a	n/a
Pillar 2 business risk	n/a	n/a
Pillar 2 legal and reputational risk	n/a	n/a
Additional capital to cover stress testing / scenario analysis (see later section)	n/a	-
ICAAP capital requirement	78	78
Capital resources	1,475	1,475
Surplus (= total capital less ICAAP capital)	1,397	1,397

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under legislation applicable to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditors are unaware, and each member has taken all the steps that he or she ought to have taken as a member in order to make himself or herself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

**REPORT OF THE MEMBERS
FOR THE YEAR ENDED 31 MARCH 2022**

AUDITORS

The auditors, Barber & Company (Statutory Auditors), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE MEMBERS:

Ms C L Noyce - Designated member

4 July 2022

HYBRIDAN LLP (REGISTERED NUMBER: OC325178)

**STATEMENT OF FINANCIAL POSITION
31 MARCH 2022**

	Notes	31.3.22 £	£	31.3.21 £	£
FIXED ASSETS					
Property, plant and equipment	4		4,051		5,068
CURRENT ASSETS					
Debtors	5	93,383		20,471	
Cash at bank		<u>1,475,125</u>		<u>1,322,894</u>	
		1,568,508		1,343,365	
CREDITORS					
Amounts falling due within one year	6	<u>100,330</u>		<u>118,191</u>	
NET CURRENT ASSETS			<u>1,468,178</u>		<u>1,225,174</u>
TOTAL ASSETS LESS CURRENT LIABILITIES and NET ASSETS ATTRIBUTABLE TO MEMBERS			<u>1,472,229</u>		<u>1,230,242</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS	8		1,400,229		1,158,242
MEMBERS' OTHER INTERESTS					
Capital accounts			<u>72,000</u>		<u>72,000</u>
			<u>1,472,229</u>		<u>1,230,242</u>
TOTAL MEMBERS' INTERESTS					
Loans and other debts due to members	8		1,400,229		1,158,242
Members' other interests			<u>72,000</u>		<u>72,000</u>
			<u>1,472,229</u>		<u>1,230,242</u>

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

In accordance with Section 444 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the members of the LLP and authorised for issue on 4 July 2022 and were signed by:

Ms C L Noyce - Designated member

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. STATUTORY INFORMATION

Hybridan LLP is registered in England and Wales. The LLP's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The financial statements have been prepared under the historical cost convention.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.
Fixtures and fittings - 25% on reducing balance

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result. The Members note that there are no forex bank accounts.

3. EMPLOYEE INFORMATION

The average number of employees during the year was 3 (2021 - 3) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

4. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £
COST	
At 1 April 2021	11,383
Additions	1,623
Disposals	<u>(1,920)</u>
At 31 March 2022	<u>11,086</u>
DEPRECIATION	
At 1 April 2021	6,315
Charge for year	1,350
Eliminated on disposal	<u>(630)</u>
At 31 March 2022	<u>7,035</u>
NET BOOK VALUE	
At 31 March 2022	<u>4,051</u>
At 31 March 2021	<u>5,068</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22	31.3.21
	£	£
Trade debtors	66,690	3,600
Other debtors	4,920	-
Prepayments and accrued income	<u>21,773</u>	<u>16,871</u>
	<u>93,383</u>	<u>20,471</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.22	31.3.21
	£	£
Trade creditors	210	3,607
Social security and other taxes	27,468	42,107
Other creditors	10,000	-
Accruals and deferred income	<u>62,652</u>	<u>72,477</u>
	<u>100,330</u>	<u>118,191</u>

7. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.22	31.3.21
	£	£
Within one year	<u>10,496</u>	<u>-</u>

8. LOANS AND OTHER DEBTS DUE TO MEMBERS

Loans and other debts due to members represent allocated profits not yet paid to members and rank equally with unsecured creditors in the event of a winding up.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

9. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Christopher Horsley (Senior Statutory Auditor)
for and on behalf of Barber & Company (Statutory Auditors)

10. ULTIMATE CONTROLLING PARTY

The controlling party is Ms C L Noyce.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.