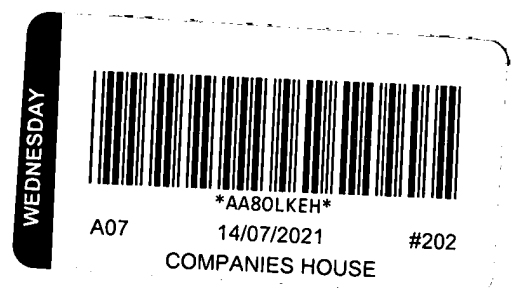


Registered number: OC326579

Cerno Capital Partners LLP

Report and Financial Statements

Year ended 31 March 2021



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Cerno Capital Partners LLP

LLP INFORMATION

31 March 2021

REGISTERED NUMBER	OC326579
MEMBERS	Nicholas Hornby – [Designated member] James Spence – [Designated member] John Booth Richard Chenevix-Trench Charles Davies Mark Haworth Steve McGuinness Russell Napier Richard Oldfield Rupert Rittson-Thomas George Robinson Fergus Shaw Hugh Sloane Martin Smith
REGISTERED OFFICE	34 Sackville Street London W1S 3ED
BANKERS	Coutts & Co 440 Strand London WC2R OQS UBS AG 1 Finsbury Avenue London EC2M 2AN
INDEPENDENT AUDITORS	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD

Cerno Capital Partners LLP
MEMBERS' REPORT
For the year ended 31 March 2021

The members present their report and the audited financial statements for the year ended 31 March 2021.

Principal activity

Cerno Capital provides independent investment management services to individuals, families, charities and institutions. The global, multi-asset class portfolios we construct on behalf of our clients are based on proprietary, in-house research and are invested at arm's length. We believe that our investment philosophy and processes are of enduring appeal to institutions, charities and private wealth.

Business review and future developments

Assets under management stood at £840 million at the year end. Client retention and satisfaction continues to be high.

During the year the firm continued to develop its direct investor business and expand its intermediary relationships with investment consultants and financial advisers. There has been further uplift in marketing activity with pandemic lockdowns creating opportunities for differentiated content. Performance across the firm's main investment strategies was particularly strong over the period under review.

During the year, a member of the firm made a significant allocation of new assets to the firm. Following the year end, a member reorganised his financial affairs and withdrew the majority of his assets. The net impact of these flows was positive on a revenue basis.

Risk management

The LLP is authorised and regulated by the Financial Conduct Authority (FCA). Under the rules of the FCA the LLP is obliged to make disclosures about the risks that it faces. Under the FCA capital adequacy rules, the LLP is classified as a BIPRU 50k firm. This means that the base capital requirement is €50,000. The LLP is also subject to an expenditure requirement which is one quarter of the relevant expenditure for the previous financial year. The LLP has additionally undertaken an internal capital adequacy assessment process ("ICAAP"). The ICAAP has identified risks for which additional capital is required. The LLP currently has capital resources considerably in excess of the Regulator's minimum capital requirements.

The LLP is an asset manager and advisor and is not permitted under FCA rules to risk its own capital in the financial markets. Accordingly, the risks that the LLP faces are more limited in scope than for other types of regulated firms.

Cerno Capital Partners LLP
MEMBERS' REPORT (continued)
For the year ended 31 March 2021

Market risk

Market risk is the risk that the value of, or income arising from, the LLP's assets and liabilities varies as a result of changes in the market price of financial assets, changes in exchange rates or changes in interest rates. Such risk could have a negative effect on the assets under management ("AUM") which directly affects the fee income the LLP receives. Poor market returns could result in a loss of clients.

The LLP does not take proprietary trading risk. The LLP's risk management activities are on behalf of clients and the LLP's own money is not at risk. The only market risk that the LLP faces is currency risk, and the members do not consider this to be significant as very little income and expenditure is denominated in currencies other than sterling.

The Members are of the opinion that the UK's exit from the EU does not pose a significant risk to the LLP. The firm's investment strategies are global and, as such, do not entail dedicated exposures to either the UK or Europe.

Credit risk

Credit risk refers to the potential risk that customers fail to meet their obligations as they fall due.

The principal credit risk that the LLP faces is in respect of clients for fees earned but not received. Fees are usually received promptly after the calculation of the relevant Net Asset Value ("NAV"). The LLP also has credit exposure to its bankers but considers this risk to be minimal.

Liquidity risk

The LLP's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in fees received/receivable. The LLP maintains readily realisable cash balances at its bankers to cover liquidity risk.

Operational risk

Operational risk is the risk of loss arising from failed or inadequate internal processes or systems, human error or other factors. The risk is managed by the members who have responsibility for putting in place appropriate controls for the business. The LLP makes use of outside consultants where necessary to monitor the effectiveness of the controls.

Concentration risk

Concentration risk is the risk that the LLP is overly dependent upon any one customer or any group of connected customers either in terms of income dependency or in terms of credit risk.

The members actively monitor and seek to diversify concentration risk by developing the business and seeking to gain more clients.

Residual risk

Residual risk is any risk not covered by the specific risk categories outlined above.

The members do not consider that there are any residual risks that require the LLP to maintain any additional capital.

Cerno Capital Partners LLP
MEMBERS' REPORT (continued)
For the year ended 31 March 2021

Designated members

The members who were the designated members during the year are shown below:

Nicholas Hornby
James Spence

Executive Committee

Certain decisions of the LLP are subject to the approval or prior consent of the Executive Committee. The current members of the Executive Committee are:

Nicholas Hornby
James Spence

Profit and appropriations

The profit for the period is shown in the income statement on page 10.

Members' drawings and the subscription and repayment of members' capital

All members are equity members and share in the profits and subscribe the entire capital of the LLP. Each member's capital subscription and share of the profit can be repaid in full on ceasing to be a member, subject to the prior consent of the Executive Committee.

Members may receive monthly drawings of such amount set by the Executive Committee at the start of the accounting year. All payments are made subject to the cash requirements of the business.

Capital contributions cannot be repaid without the prior consent of the Executive Committee. Accordingly, capital contributions are classified as equity under section 22 of FRS 102.

Auditors

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Disclosure of information to the auditor

Each of the persons who is a Designated Member at the date of approval of this report confirms that:

- so far as the Designated Member is aware, there is no relevant audit information of which the auditor is unaware; and
- the Designated Member has taken all the steps that he ought to have taken as a Member in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Cerno Capital Partners LLP
MEMBERS' REPORT (continued)
For the year ended 31 March 2021

Remuneration policy

Under the FCA's Remuneration Code firms, are required to set remuneration policies which are consistent with and promote effective risk management and not expose them to excessive risk. The LLP is classified as a Tier Four firm, which allows it to dis-apply many of the technical requirements and proportionately apply the Code's rules and principles. The LLP is satisfied that the policies that it has in place are appropriate to its size, internal organisation and the nature, the scope and the complexity of its activities.

The decision making process

The LLP's Remuneration Policy is set by the members of the LLP. The LLP has assessed its members and staff and concludes that only two qualify as Code staff. Each year the LLP assesses the amount of capital it considers necessary to run its business and if necessary uses some or all of the profits available to increase its capital resources. If sufficient profits are available, a percentage of profits is paid into a bonus pool which covers members and staff which is allocated based on each individual's contribution to the LLP.

The link between pay and performance

Remuneration is based on competitive market-based wages that fairly compensate employees in view of the skills provided, work performed and responsibility undertaken. Overall remuneration includes an annual incentive compensation reflecting individual performance and responsibility, as well as the LLP's overall performance.

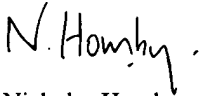
Quantitative remuneration

The aggregate remuneration of code staff was £1,481k (2020: £1,304k) in the year. This includes both fixed and variable elements of remuneration but excludes profit shares awarded to such individuals in respect of their share as owners of the business.

Risk management objectives and policies

The LLP considers risk management to be a critical component of its operations and has a conservative risk appetite. The LLP has been operating for a number years and has in place a multi-layered system of limits and validations developed during this time. It separately reviews the amount of capital necessary to meet business objectives, and utilises stress testing and scenario analysis to identify capital requirements specifically looking at minimum capital requirements based on multiple stress levels. The LLP continually reviews and monitors these systems and validations in order to ensure that a complete and fault-tolerant approach to risk is not only established, but revised and updated in light of appropriate regulatory requirements.

By order of the members



Nicholas Hornby
Designated Member

13 July 2021

Cerno Capital Partners LLP

STATEMENT OF MEMBERS' RESPONSIBILITIES

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 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 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 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.

Cerno Capital Partners LLP
INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CERNO CAPITAL PARTNERS LLP

Opinion

We have audited the financial statements of Cerno Capital Partners LLP (the 'limited liability partnership') for the year ended 31 March 2021 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 limited liability partnership's affairs as at 31 March 2021 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the statement of members' responsibilities, the members are 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the limited liability partnership and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of cumulative audit knowledge and experience of the LLP and the asset management sector.
- We determined the principal laws and regulations relevant to the limited liability partnership in this regard to be those arising from Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, employment legislation and the rules of the Financial Conduct Authority (FCA). The LLP is authorised and regulated by the FCA and we considered the extent to which non-compliance with the FCA regulations might have a material effect on the LLP's financial statements.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the limited liability partnership with those laws and regulations. These procedures included, but were not limited to:
 - Discussions with management of any known, or suspected instances of non-compliance by the LLP
 - Discussions with management of any, or suspected, incidence of fraud
 - Review of correspondence with the FCA
 - Review of any breaches during the year
 - Review of board minutes and other correspondence where deemed appropriate
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the risk of material misstatement due to fraud related revenue recognition.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ian Cowan (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

13 July 2021

Cerno Capital Partners LLP
INCOME STATEMENT
for the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	3	5,293,471	4,002,934
Administrative expenses		(2,724,167)	(2,150,524)
Other operating income		-	-
		<hr/>	<hr/>
Operating profit		2,569,304	1,861,491
Interest receivable and similar income		-	286
		<hr/>	<hr/>
Profit for the period before members' remuneration and profit shares		2,569,304	1,852,696
Members' remuneration charged as an expense	9	(2,569,304)	(1,852,696)
		<hr/>	<hr/>
Profit for the period available for discretionary distribution amongst the members	9	<u>£ -</u>	<u>£ -</u>

All of the LLP's activities are continuing.

Other comprehensive income

The LLP has no comprehensive income other than the amounts recognised in the Income Statement above. Accordingly, no Statement of Comprehensive Income has been presented.

The notes on pages 15 to 20 form part of these financial statements.

Cerno Capital Partners LLP
Registered number: OC326579
STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	6	2,265	11,767
Current assets			
Debtors	7	781,610	524,566
Amounts due from members		-	67,539
Cash at bank and in hand		530,178	340,098
		<hr/>	<hr/>
		1,311,788	932,203
Creditors: amounts falling due within one year	8	(129,158)	(183,895)
		<hr/>	<hr/>
Net current assets		1,182,630	748,308
		<hr/>	<hr/>
Net assets attributable to members		<u>1,184,895</u>	<u>760,075</u>
Represented by:			
Loans and other debts due to members			
Amounts owed to members in respect of profits		487,494	122,691
		<hr/>	<hr/>
		487,494	122,691
		<hr/>	<hr/>
Members' other interests			
Members' capital classified as equity		697,401	637,384
		<hr/>	<hr/>
		697,401	637,384
		<hr/>	<hr/>
		<u>1,184,895</u>	<u>760,075</u>

The notes on pages 15 to 20 form part of these financial statements.

Cerno Capital Partners LLP
Registered number: OC326579
STATEMENT OF FINANCIAL POSITION (continued)
As at 31 March 2021

	Note	2021 £	2020 £
Total Members' Interests			
Amounts owed to members		487,494	122,691
Amounts due from members		-	(67,539)
Members' equity interests		697,401	637,384
		<hr/>	<hr/>
	9	<u>1,184,895</u>	<u>692,536</u>

The Accounting Policies and Notes on pages 15 to 20 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the members on 13 July 2021, and were signed on its behalf by:

N. Hornby

Nicholas Hornby
Designated Member

The notes on pages 15 to 20 form part of these financial statements.

Cerno Capital Partners LLP
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021

Members' other interests	Members' capital classified as equity	Total
	£	£
As at 1 April 2019	605,723	605,723
Capital introduced	31,661	31,661
As at 1 April 2020	637,384	637,384
Capital introduced	60,017	60,017
As at 31 March 2021	697,401	697,401

The notes on pages 15 to 20 form part of these financial statements.

Cerno Capital Partners LLP
STATEMENT OF CASH FLOWS
for the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit for the period available for discretionary distribution amongst the members		-	-
<i>Adjustments for:</i>			
Members' remuneration charged as an expense		2,569,304	1,852,696
Depreciation of tangible fixed assets	6	9,502	20,179
(Increase)/decrease in debtors		(257,044)	51,816
(Decrease)/Increase in creditors		(54,737)	(471,383)
Interest received		-	(286)
		<hr/>	<hr/>
Net cash generated from operating activities before transactions with members		2,267,025	1,453,022
Members' drawings	9	(2,076,945)	(1,801,606)
		<hr/>	<hr/>
Net cash used by operating activities		(190,080)	(348,584)
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		-	286
Purchase of tangible fixed assets		-	(590)
		<hr/>	<hr/>
Net cash flow used by from investing activities		-	(304)
		<hr/>	<hr/>
Cash flows from financing activities			
Capital introduced by members		-	-
		<hr/>	<hr/>
Net cash flow from financing activities		-	-
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(190,080)	(348,888)
Cash and cash equivalents at 1 April 2020 (2019)		340,098	688,986
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2021 (2020)		530,178	340,098
		<hr/>	<hr/>

The notes on pages 15 to 20 form part of these financial statements.

Cerno Capital Partners LLP
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

1 General

Cerno Capital LLP is a limited liability partnership incorporated in the United Kingdom. The address of its registered office is 34 Sackville Street, London, W1S 3ED.

The principal activity during the year of the LLP continued to be the provision of investment management and investment advisory services.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* (FRS 102), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in December 2018. The financial statements have been prepared on the historical cost basis.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Going concern

The partnership has considerable financial resources to hand, no external debt and capital well in excess of the FCA's requirements. The members have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Covid-19 global health crisis has caused significant turmoil in financial markets over the course of the last year. However, in light of the recent strong rebound in asset prices, and the reasonably low fixed cost base within the partnership, the members are confident that there will be no material impact on the ability of the partnership to continue as a going concern.

Turnover

Turnover represents fees receivable for investment management and advisory services provided during the year and arises from continuing activities. Turnover is recognised as the services are provided.

Foreign currencies

The LLP's functional and presentational currency is the pound sterling.

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the income statement.

Members' interests

Members' interests are treated as a liability and shown as loans repayable within one year when the members can demand repayment thereof. These loans rank *pari passu* with other creditors in the event of winding up. Members' interests not treated as a liability are shown as equity. Drawings are treated as payments on account of profit allocations and are only repayable to the LLP in so far as there are insufficient profits to allocate against such drawings. Any drawings in excess of total profits allocated would be included within 'amounts due from members'.

Cerno Capital Partners LLP
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

2 Accounting policies (continued)

Members' allocation of profits

The automatic allocation of profits and losses to members is treated as an expense in the income statement. Unallocated profits and losses are included within Other Reserves.

Operating Leases

Rentals payable in respect of operating leases are charged to the income statement on a straight line basis over the lease term.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation of tangible fixed assets is calculated to write off their cost over their estimated useful lives as follows:

Computers:	33% per annum on a straight-line basis;
Furniture and fittings:	20% per annum on a straight-line basis;
Web-site costs:	20% per annum on a straight-line basis;
Leasehold improvements:	20% per annum on a straight-line basis.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The LLP operates an annual bonus plan for employees. An expense is recognised in the income statement when the LLP has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Significant judgements and estimates

a) Critical judgements in applying the entity's accounting policies

No judgements have been made in applying the entity's accounting policies that would have a significant effect on the amounts recognised in these financial statements.

b) Critical accounting estimates and assumptions

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are in respect of management fees for some private clients who are charged in advance based on the Net Asset Value ('NAV') of the funds under management at the beginning of the half year invoice period. An adjustment is made to accrue for any changes in turnover recognisable as a result of any movements in the NAV of the fund in the 3 months to the reporting date. The management fees which have not been earned at the reporting date are deferred based on the NAV of the funds at the beginning of the half year invoice period. The management fees deferred at 31 March 2021 amounted to £28,510 (2020 £114,324).

Cerno Capital Partners LLP
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3 Turnover

All turnover is derived in the United Kingdom from the principal activity of the provision of investment management and investment advisory services.

4 Operating profit

	2021	2020
	£	£
Operating profit is stated after charging:		
Staff costs (note 5)	1,673,256	1,122,003
Auditors' remuneration – audit of the financial statements	21,600	20,750
Auditors' remuneration – for taxation and other services	4,750	3,950
Operating lease rentals – land and buildings	194,225	189,189
Depreciation of tangible fixed assets	9,502	19,914
	<u>1,673,256</u>	<u>1,122,003</u>

5 Members and employees

Staff costs		
Wages and salaries	1,460,084	950,654
Social security costs	192,561	115,199
Pension costs	-	13,075
Other staff costs	20,611	43,076
	<u>1,673,256</u>	<u>1,122,003</u>

Average monthly number of members and staff in the year	Number	Number
Members	14	14
Administrative staff	14	12
	<u>14</u>	<u>12</u>

The total Members' remuneration charged as an expense was £2,569,304 (2020 - £1,852,696). Members' remuneration charged as an expense represents remuneration that is payable to a member which falls to be treated as a charge against profits and not an allocation of profits. The treatment of members' remuneration in the income statement is determined by reference to the nature of participation rights that give rise to the remuneration. Where members' remuneration gives rise to a liability in accordance with FRS 102, it is charged as an expense.

Cerno Capital Partners LLP
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

6 Tangible Fixed assets

	Website costs £	Computers £	Furniture & Fittings £	Leasehold improvements £	Total £
Cost					
At 1 April 2020	13,750	50,232	99,041	6,450	169,473
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	13,750	50,232	99,041	6,450	169,473
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation					
At 1 April 2020	12,976	45,768	97,027	1,935	157,706
Charge for the year	774	4,464	2,014	2,250	9,502
Disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2021	13,750	50,232	99,041	4,185	187,387
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book amount					
At 31 March 2020	774	4,464	2,014	4,515	11,767
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	-	-	-	2,265	2,265
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7 Debtors	2021	2020
	£	£
Trade debtors	28,558	363
Other debtors	-	69,353
Prepayments and accrued income	753,052	454,850
	<hr/>	<hr/>
	781,610	524,566
	<hr/> <hr/>	<hr/> <hr/>

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8	Creditors: amounts falling due within one year	2021	2020
		£	£
	Trade creditors	56,963	8,541
	Other taxes and social security costs	16	33,047
	Accruals and deferred income	72,179	142,307
		<u>129,158</u>	<u>183,895</u>

9 Members Other Interests

	Members Equity Interests			Amounts Due to / (from) Members	Total 2021	Total 2020
	Capital	Other Reserves	Total			
	£	£	£	£	£	£
Due from members				(67,539)		
Due to members				122,691		
				<u>55,152</u>		
At 1 April 2020	637,384	-	637,384	55,152	692,536	641,446
Members' remuneration charged as an expense	-	-	-	2,569,304	2,569,304	1,852,696
Transfer to capital	60,017	-	60,017	(60,017)	-	-
Drawings	-	-	-	(2,076,945)	(2,076,945)	(1,801,606)
	<u>697,401</u>	<u>-</u>	<u>697,401</u>	<u>487,494</u>	<u>1,184,895</u>	<u>692,536</u>
Due from members				-		
Due to members				487,494		
				<u>487,494</u>		
At 31 March 2020	697,401	-	697,401	487,494	1,184,895	692,536
	<u>697,401</u>	<u>-</u>	<u>697,401</u>	<u>487,494</u>	<u>1,184,895</u>	<u>692,536</u>

Amounts due to members of £60,017 in respect of the current year's profit allocation was transferred to capital.

10 Related parties

The LLP provides investment management services on normal terms to assets belonging to or associated with certain members of the LLP. Such fees earned in the year totalled £1,469,926 (2020: £2,604,574) of which £168,262 (2020: £175,836) was unpaid at 31 March 2021 but was subsequently received in full after the year end.

The LLP incurred fees of £13,200 (2020: £14,250) in respect of consultancy services provided by March Compliance of which a Member of the LLP is the managing partner. At 31 March 2021, £13,550 (2020: £350) was unpaid at the year end.

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The LLP incurred fees of £8,400 (2020: £5,250) in respect of consultancy services provided by Orlock Advisors Limited of which a Member of the LLP is a director. At 31 March 2021, £2,100 (2020: £nil) is included in creditors

The key management personnel are the members of the LLP whose total compensation is disclosed in note 5.

11 Obligations under operating leases

The LLP's future minimum lease payments at the end of the reporting period are:

	2021 £	2020 £
Within one year	197,012	191,175
Between one and five years	788,050	-
	<u> </u>	<u> </u>

12 Financial risk management

The LLP has exposure to two main areas of risk – liquidity risk and credit risk.

Liquidity risk

The objective of the LLP in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The LLP expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all of the financial obligations, the members are able to reduce their level of drawings. The LLP's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in fees received/receivable. The LLP maintains readily realisable cash balances at its bankers to cover liquidity risk.

Credit risk

Credit risk refers to the potential risk that customers fail to meet their obligations as they fall due. The principal credit risk that the LLP faces is in respect of customers for fees earned but not received. Fees are usually received promptly after the calculation of the relevant Net Asset Value ("NAV"). The LLP also has credit exposure to its bankers but considers this risk to be minimal.

13 Controlling party

In the opinion of the members there is no overall ultimate controlling party.

14 Subsequent events

There are no further events to report subsequent to the balance sheet date.