

CAPITAL GENERATION PARTNERS LLP

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2014

REGISTERED NUMBER: OC331835

WEDNESDAY



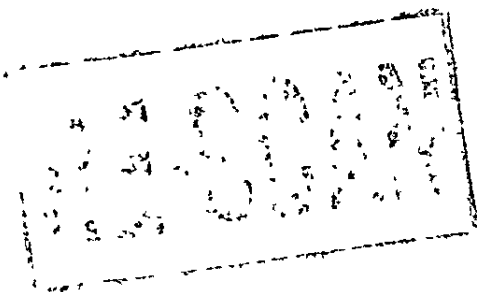
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## CAPITAL GENERATION PARTNERS LLP

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## **CAPITAL GENERATION PARTNERS LLP**

### **Members**

Khaled Said  
Charlotte Thorne  
Ian Barnard  
Capital Generation Partners Services Limited  
Capital Generation Capital Limited

### **Registered Office**

Berkeley Square House  
Berkeley Square  
London  
W1J 6BX

### **Independent Auditors**

Baker Tilly UK Audit LLP, Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

### **Legal Advisers**

Proskauer Rose LLP  
Ninth Floor  
Ten Bishops Square  
London  
E1 6EG

### **Bankers**

Barclays Bank  
Level 27  
1 Churchill Place  
London, E14 5HP

### **Report of the Members**

The members present their report and the audited financial statements for the year ended 31st December 2014

#### **Principal Activities**

Capital Generation Partners LLP is an FCA-authorised firm which provides clients with investment advice and investment management services across a range of asset classes. The firm is supported in its work by Capital Generation Partners Services Limited which provides certain services to the LLP.

#### **Review of the business and future developments**

As an FCA-authorised firm, Capital Generation Partners LLP prioritises its risk management processes and to this end it has rigorous corporate governance procedures and structures which ensure that risk is monitored, managed and mitigated properly.

The firm made a profit of £1,469,017 (2013 £1,366,544 )

The members consider the results for the year to be satisfactory and that future results will be of a similar nature.

## CAPITAL GENERATION PARTNERS LLP

### Members

The following were members of the limited liability partnership during the year and, unless otherwise stated, continued to be members after that date

Khaled Said	(Designated)
Ian Barnard	
Charlotte Thorne	(Designated)
Capital Generation Partners Services Limited	
Capital Generation Capital Limited	

### Members Drawings

The profits of the LLP in respect of each financial year are allocated and distributed, after taking into account the LLP's working capital and regulatory requirements. Profits are divided among the members in accordance with profit sharing arrangements

The following policies exist and are covered in the LLP agreement dated 18th February 2008

- Transfers from debt to equity and equity to debt
- Subscriptions of amounts subscribed or otherwise contributed by members as equity or debt
- Repayment of amounts subscribed or otherwise contributed by members
- The cash requirements of the business are prioritised over drawings by members where such conflicts occur and all drawings and or contributions by members are treated as a net amount due to or from members as drawn against unallocated profits
- Capital is contributed by members and is repaid to retiring members in accordance with the partnership deed

### Gifts in Kind

A gift in kind was made to The Said Foundation of £14,400 (2013 £14,400) for Investment Performance reporting services

### Charitable Donations

Charitable donations were made throughout the year to YoungMinds of £24,000 (2013 YoungMinds of £24,000)

### Auditors

Each of the persons who are members at the time when this report is approved has confirmed that.

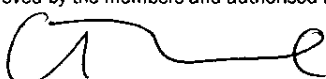
- so far as each member is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- each member has taken all the steps that ought to have been taken as a member, including making appropriate enquiries of fellow members and the partnership's auditors for that purpose, in order to be aware of any information needed by the partnership's auditors in connection with preparing their report and to establish that the partnership's auditors are aware of that information

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption (as applied to limited liability partnerships by regulation 17 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act) Regulations 2008)

### Auditor

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be proposed at the next members meeting.

These financial statements were approved by the members and authorised for issue on 15/7/2015 and are signed on their behalf by

  
Charlotte Thorne  
Designated Member

## CAPITAL GENERATION 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

Limited Liability Partnership law (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under the 2008 Regulations, 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 partnership and of the profit or loss of the partnership for that period

In preparing those financial statements, the members are required to

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and estimates that are reasonable and prudent, and
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

Under the 2008 regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and to enable them to ensure that the financial statements comply with the requirements of those Regulations. They are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The members are responsible for the maintenance and integrity of the corporate and financial information included on the partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

These responsibilities are exercised by the designated members on behalf of the members

## CAPITAL GENERATION PARTNERS LLP

### Independent Auditors' Report to the Members of Capital Generation Partners LLP

We have audited the financial statements on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

#### Respective responsibilities of members and auditor

As more fully explained in the Members' Responsibilities Statements set out on page 3 the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and international Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

#### Opinion on the financial statements

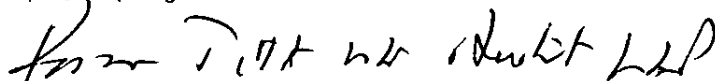
In our opinion the financial statements

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2014 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.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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, or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships' regime.



DAVID FENTON (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

15th April 2015

## CAPITAL GENERATION PARTNERS LLP

## Profit and Loss Account

For the year ended 31<sup>st</sup> December 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		£	£
Turnover	2	5,567,082	5,339,888
Administrative expenses		<u>(4,084,233)</u>	<u>(3,958,948)</u>
Operating Profit	5	1,482,849	1,380,940
Interest Receivable		250	63
Interest Payable	4	(14,082)	(14,459)
Profit for the period before Members' remuneration and profit share		<u>1,469,017</u>	<u>1,366,544</u>
Members' remuneration charged as an expense		<u>-</u>	<u>-</u>
Retained profit for the year available for discretionary division among members	10	<u>1,469,017</u>	<u>1,366,544</u>

The profit for the year arises from the LLP's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss account

## CAPITAL GENERATION PARTNERS LLP

LLP number OC331835

Balance Sheet at 31<sup>st</sup> December 2014

	Note	2014 £	2013 £
<b>Fixed Assets</b>			
Investment in subsidiary	14	65	65
Tangible assets	6	<u>16,200</u>	<u>47,849</u>
		<b>16,265</b>	<b>47,914</b>
<b>Current Assets</b>			
Debtors and other receivables	7	1,075,566	1,074,627
Cash at bank and in hand		1,629,074	1,359,116
Amounts due from members	10	<u>666,297</u>	<u>663,633</u>
		<b>3,370,937</b>	<b>3,097,376</b>
<b>Current Liabilities-Creditors Amounts falling due within one year</b>	8	<u>293,281</u>	<u>603,244</u>
<b>Net Current Assets</b>		<u><b>3,077,656</b></u>	<u><b>2,494,132</b></u>
<b>Total Assets less Current Liabilities</b>		<b>3,093,921</b>	<b>2,542,046</b>
Creditors Amounts falling due after more than one year	9	357,875	
<b>Net assets attributable to members</b>		<u><b>2,736,046</b></u>	<u><b>2,542,046</b></u>
<b>Represented by</b>			
Loans and other debts due to members within one year	10	<u>511,895</u>	<u>1,164,109</u>
Other amounts due to members		<b>511,895</b>	<b>1,164,109</b>
<b>Equity</b>			
Members' other interests	10	1,404,151	1,307,937
Members' capital classified as equity under FRS 25	10	820,000	70,000
<b>Total equity interests</b>		<u><b>2,224,151</b></u>	<u><b>1,377,937</b></u>
		<u><b>2,736,046</b></u>	<u><b>2,542,046</b></u>
<b>Total members' interest</b>			
Amounts due from members	10	(666,297)	(663,633)
Loans and other debts due to members	10	511,895	1,164,109
Members' equity	10	<u>2,224,151</u>	<u>1,377,937</u>
		<u><b>2,069,749</b></u>	<u><b>1,878,413</b></u>

The financial statements have been prepared in accordance with the special provisions of section 444 of The Companies Act 2006 (as applied to limited liability partnerships by regulation 17 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act) Regulations 2008 relating to small LLPs

The financial statements on pages 5 to 11 were approved by the Board of Members and authorised for issue on 15/4/2015  
and signed on its behalf by



Charlotte Thorne  
Designated Member



## CAPITAL GENERATION PARTNERS LLP

### Financial Statements for the year ended 31<sup>st</sup> December 2014

#### Notes

##### 1. Accounting Policies

###### Basis of Accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Statement of Recommended Practice for Limited Liability Partnerships, "Accounting by Limited Liability Partnerships March 2010", applicable accounting standards in the United Kingdom, and the LLP's Membership Agreement

###### (a) Cashflow statement

The Limited Liability Partnership has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small limited liability partnership

###### (b) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation as follows

Computer and office equipment - 4 years straight line

Computer software - over the remaining life of the software agreement (maximum of 5 years)

Assets are only depreciated once they come into use

###### (c) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange on the day on which the transaction took place. Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the period in which they arise

###### (d) Allocation of Profits and Drawings

The allocation of profits to those who were members during the financial period occurs following the finalisation of the annual financial statements. During the period members receive monthly drawings and, from time to time, additional profit distributions

Both the monthly drawings and profit distributions represent payment on account of current period profits and are reclaimable from members until profits have been allocated. Any over distributions of profits during the period is also recoverable from members

###### (e) Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the Limited Liability Partnership as the relevant income tax is the responsibility of the individual members

###### (f) Turnover

Investment advisory fees are recognised on an accruals basis and in line with agreements in place. Income is recognised once the invoice has been issued

###### (g) Fixed Asset Investment

Fixed asset investments are shown at cost less any provision for impairment in value which the Partners consider necessary

###### (h) Management of Liquid Resources

Included as liquid resources are term deposits of less than one year

###### (i) Consolidation of group entities

On the grounds of materiality that the group remains a small group in accordance with Companies Act 2006, no consolidation of the group has been prepared. Therefore these accounts reflect the activities of Capital Generation Partners LLP only

## CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31<sup>st</sup> December 2014

## Notes (Continued)

**2 Turnover**

Turnover is wholly attributable to the LLP's principal activity which comprises of investment advisory services

Geographical market	Turnover 2014 £	Turnover 2013 £
United Kingdom	-	-
European Union	-	-
United States of America	-	-
Rest of the World	5,567,082	5,339,888
	<u>5,567,082</u>	<u>5,339,888</u>

**3 Members remuneration**

The profits of the LLP in respect of each financial year are allocated and distributed, after taking into account the LLP's working capital and regulatory requirements. Profits are divided among the members in accordance with profit sharing arrangements.

	2014 £	2013 £
Interest payable on bank loan	<u>14,082</u>	<u>14,459</u>

**5 Operating Profit**

Operating profit is stated after charging/(crediting)

	2014 £	2013 £
Depreciation of tangible fixed assets	47,849	47,849
Auditors' remuneration		
- audit services	14,500	14,250
- non - audit services	10,875	10,500
Net exchange (gains) / losses on foreign currency	<u>(60,846)</u>	<u>24,865</u>

**6 Tangible Fixed Assets**

	Computer and office equipment £	Total £
<b>COST</b>		
01 January 2014	212,037	212,037
Additions	16,200	16,200
31 December 2014	<u>228,237</u>	<u>228,237</u>
<b>DEPRECIATION</b>		
01 January 2014	164,188	164,188
Charge	47,849	47,849
31 December 2014	<u>212,037</u>	<u>212,037</u>
<b>NET BOOK VALUE</b>		
31 December 2014	<u>16,200</u>	<u>16,200</u>
31 December 2013	<u>47,849</u>	<u>47,849</u>

## CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31<sup>st</sup> December 2014

## Notes (Continued)

7 Debtors	<u>2014</u> £	<u>2013</u> £
Trade debtors	485,754	608,351
Amounts due from group undertakings	140,000	206,136
Other debtors	26,367	16,456
Prepayments and accrued income	423,445	243,684
	<u>1,075,566</u>	<u>1,074,627</u>

	<u>2014</u> £	<u>2013</u> £
8 Creditors amounts falling due within one year		
Trade creditors	105,326	14,122
Accruals	85,705	85,372
Bank loan	102,250	503,750
	<u>293,281</u>	<u>603,244</u>

	<u>2014</u> £	<u>2013</u> £
9 Creditors amount falling due in more than one year		
Bank loan	<u>357,875</u>	<u>-</u>
Analysis of loan		
Wholly repayable within five years	460,125	-
Included in current liabilities	(102,250)	-
	<u>357,875</u>	<u>-</u>
Loan maturity analysis		
In less than one year	102,250	503,750
In more than one year but not more than two years	357,875	-
In more than two years but not more than five years	-	-
	<u>460,125</u>	<u>503,750</u>

The bank loan from the previous year has been repaid. A new loan was taken out in December 2013. This is secured by a debenture of the LLP.

## CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31<sup>st</sup> December 2014

Notes (Continued)

## 10 Reconciliation of Members' Interests

Members' interests	Members Capital £	Other Reserves £	Total £	Loans and Other Debts due to/from Members £	2014 Total £	2013 Total £
Amounts due to members				1,164,109		
Amounts due from members				(663,633)		
Balance as at 1 January 2014	70,000	1,307,937	1,377,937	500,476	1,878,413	1,610,091
Capital Contribution	750,000	-	750,000	-	750,000	
Profit for the financial year available for division among members	-	1,469,017	1,469,017	-	1,469,017	1,366,544
Members' interests after profit for the period	820,000	2,776,954	3,596,954	500,476	4,097,430	2,976,635
Repayment of trading amount due to Capital Generation Partners Services Limited				(1,164,109)	(1,164,109)	(1,030,600)
Allocation and distribution of 2013 profits following finalisation of annual financial statements		(1,307,937)	(1,307,937)	663,633	(644,304)	(509,491)
Allocation of 2014 profits		(64,866)	(64,866)	64,866		
Advance drawings				(645,520)	(645,520)	(645,520)
Service charges due to Capital Generation Partners Services Limited				3,335,806	3,335,806	3,217,341
Payments on service charges to Capital Generation Partners Services Limited				(2,888,777)	(2,888,777)	(2,111,839)
Other amounts due from members				(20,777)	(20,777)	(18,113)
Amounts due to members				511,895		
Amount due from members				(666,297)		
At 31 <sup>st</sup> December 2014	<u>820,000</u>	<u>1,404,151</u>	<u>2,224,151</u>	<u>(154,402)</u>	<u>2,069,750</u>	<u>1,878,413</u>

Members' capital may be repaid to leaving members subject to the condition within the LLP Agreement, that following such payment the total members' capital remains greater than the LLP's FCA financial resources requirement at the relevant time and with the consent of the Managing Member

Members' interests rank after unsecured creditors. Loans and other debtors due to Members rank pari passu with unsecured creditors in the event of a winding up

Loans and debts due to members rank after secured creditors

## CAPITAL GENERATION PARTNERS LLP

## Financial Statements for the year ended 31st December 2014

## Notes (Continued)

11	Reconciliation of Total Members Interests	2014 £	2013 £
	At 1 January	1,377,937	1,233,225
	Allocation of 2014 profits	(64,866)	(58,607)
	Paid out to members	(1,307,937)	(1,163,225)
	Capital Introduced	750,000	-
	Profit for year	1,469,017	1,366,544
	At 31 December	<u>2,224,151</u>	<u>1,377,937</u>

## 12 Ultimate Controlling Party

The ultimate controlling party is considered to be Khaled Said due to the terms of the LLP agreement

## 13 Related Party Transactions

During the period £3,335,806 (2013 £3,217,341) was payable through a services agreement to the corporate member, Capital Generation Partners Services Limited (CGPSL) At the end of the year £447,029 (2013 £1,105,502) was due to CGPSL

During the year profits of £64,866 were allocated to CGPSL (2013 £58,607) At the end of the year £64,866 was due to CGPSL (2013 £58,607)

During the period £4,091,192 (2013 £4,020,952) of income was received from Capital Generation Limited (CGL), a related party, of which Khaled Said is a director At the end of the year £325,484 (2013 £319,354) was due from CGL

During the period £356,000 (2013 £267,900) of income was received from Capital Generation Partners Bermuda Limited (CGPBL), a subsidiary At the end of the year £140,000 (2013 £204,300) was due from CGPBL, and £116,000 (2013 NIL) was due in accrued income

A gift in kind was made to The Said Foundation of £14,400 (2013 £14,400) for Investment Performance Reporting Services This entity is related as Khaled Said is a Trustee of the Foundation

14	Investments	2014 £	2013 £
	Capital Generation Partners Bermuda Limited	65	65
	On 9th November 2010, the Partners agreed to establish Capital Generation Partners Bermuda Limited, a Company incorporated in Bermuda, which is a wholly owned subsidiary of the partnership This is not an authorised entity, its function is to contract with offshore clients		
	The above Investment represents the capital contributions made by the company for 100% shareholding of Capital Generation Partners Bermuda Limited At the balance sheet date the full amount was owed to Capital Generation Partners Bermuda Limited (CGPBL)		
	The results and net assets of Capital Generation Partners Bermuda Limited were as follows		
		£	
	Profit for the year ended 31 December 2014	<u>1,120</u>	
	Capital and reserves at 31 December 2014	<u>2,946</u>	

**CAPITAL GENERATION PARTNERS LLP**  
**PILLAR 3 AND REMUNERATION DISCLOSURE**  
**APRIL 2015 (for financial year ending 31.12.14)**

**Pillar 3 Disclosure**

Capital Generation Partners LLP (the "Firm") is authorised and regulated by the Financial Conduct Authority (the "FCA") The Firm is a UK domiciled discretionary investment manager to professional clients The Firm is categorised as "BIPRU Limited License Firm" for capital purposes and reports on a solo basis The Firm's Pillar 3 disclosure fulfils the Firm's obligation to disclose to market participants' key pieces of information on a firm's capital, risk exposures and risk assessment processes

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be likely to change or influence the decision of a reader relying on that information In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential In our view, proprietary information is that which, if it were shared, would undermine our competitive position Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties

We have made no omissions on the grounds that it is immaterial, proprietary or confidential

**Risk Management**

The Firm's Partners determine its business strategy and the level of risk acceptable to the Firm They have designed and implemented a risk management framework that recognises the risks that the business faces and how those risks may be monitored and mitigated and assess on an ongoing basis The Firm has in place controls and procedures necessary to manage those risks

The Firm considers the following as key risks to its business

**Business Risk** – This risk represents a fall in assets under management or the loss of key staff which may reduce the fee income earned by the Firm and hinder its ability to finance its operations and reimburse its expenses Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process ("ICAAP")

**Market risk** - The risk is the exposure to foreign exchange fluctuations due to investment management and performance fees being denominated in currencies other than sterling The Firm operates currency bank accounts permitting it to receive/pay currency directly

**Operational risk** – This risk covers a range of operational exposures from the risk of the loss of the key personnel to the risk of the provision of investment advice Legal and reputational risks are also included within the category of operational risk Operational risks and how they can be mitigated are assessed as part of the ICAAP

**Credit risk** – This is the risk of non-payment of management fees and counterparty exposure relating to the Firm's bank balances and any other debtors This is monitored by the Firm's Director of Finance and Office Management and the Board



## Regulatory Capital

Capital Generation Partners LLP is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. Its capital contains only members' capital contributions of £820,000.

The Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management and performance fees receivable from the funds under its management.

Pillar 1 capital is the higher of

- 1 the base capital requirement of €50,000,
- 2 the sum of market and credit risk requirements, and
- 3 the Fixed Overhead Requirement ("FOR")

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP. When making this calculation, the Firm also takes into account the own funds requirement detailed above.

It is the Firm's experience that its Pillar 1 capital requirement normally consists of the FOR, although market and credit risks are reviewed regularly. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of investment management fees due but not paid, and bank balances. Having performed the ICAAP, the Firm has concluded that no additional capital is required in excess of its Pillar 1 capital requirement.

As at the date of this disclosure the Firm's regulatory capital position is

Capital Item	£'000
Tier 1 capital	£820
Total capital resources, net of deductions	£820

The Firm's ICAAP assesses the adequacy of its internal capital to support current and future activities. This process includes an assessment of the specific risks to the Firm, the internal controls in place to mitigate those risks and an assessment of whether additional capital mitigates those risks. The Firm also considers a wind down scenario to assess the capital required to cease regulated activities.

We have not identified credit risk exposure classes or the minimum capital requirements for market risk as we believe that they are immaterial. Concerning Pillar 1, it is the Firm's experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered not to be material. Our capital requirements are currently £749,707 which is well within the level of regulatory capital held.

We consider this amount to be sufficient regulatory capital to support the business and have not identified any areas which give rise to a requirement to hold additional risk based capital.

The Firm's ICAAP is formally reviewed by the Members annually, but will be revised should there be any material changes to the Firm's business or risk profile.

## **Remuneration**

Given the nature and small size of our business, remuneration for all employees is set by the members of the Firm. The Firm formally reviews the performance of all employees and based thereon determines each employee's overall level of remuneration and the split of that between base salary, bonus, etc. in compliance with the FCA Rules on remuneration.

Given that the Firm has only one business area, investment management, all remuneration disclosed in our audited financial statements is from this business area.

The Firm has defined "Code Staff" to be Partners only and is satisfied that their remuneration is in accordance with the code.

The Firm is subject to the BIPRU Remuneration Code ("the Code"), has applied proportionality and, pursuant to this application and where relevant, has disapplied various provisions of the Code.

## **Stewardship Disclosure**

The Firm supports the principles enshrined in the Financial Reporting Council's Stewardship Code which sets out good practice for investor engagement with the UK listed companies in which they invest. The FCA requires all authorised asset managers to publicly disclose either a statement of compliance with the Stewardship Code or where they do not commit, their alternative investment strategy.

The Financial Conduct Authority and the Financial Reporting Council have acknowledged that certain aspects of the Stewardship Code are not directly relevant to all managers. The Firm does not generally advise or manage in relation to UK listed investments. Consequently, compliance with the Stewardship Code is not relevant to the Firm.

The Firm's Partners will continue to review the Code's applicability.