

Registered number: OC337434

CHENAVARI CREDIT PARTNERS LLP

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



CHENAVARI CREDIT PARTNERS LLP

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CHENAVARI CREDIT PARTNERS LLP

INFORMATION

Designated members

Chenavari Financial Group Limited
Loic Fery

LLP registered number

OC337434

Registered office

80 Victoria Street
Fifth Floor
London
SW1E 5JL
England

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

CHENAVARI CREDIT PARTNERS LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The members present their annual report together with the audited financial statements of Chenavari Credit Partners LLP (the "LLP") for the year ended 31 December 2017.

Principal activities

The LLP is authorised and regulated by the Financial Conduct Authority ("FCA") to carry out financial advisory services.

Business review

The results for the year and the financial position at the year end were considered satisfactory by the members, who expect the LLP to remain profitable for the foreseeable future.

Designated members

The designated members of the LLP throughout the year were:
Chenavari Financial Group Limited
Loic Fery

Members' capital and interests

Policies for members' drawings, profit allocations, subscription and repayments of members' capital are governed by the Limited Liability Partnership Agreement dated 13 May 2008, as amended on 26 May 2011.

Results and distributions

The profit for the year available for distribution to members was £11,073,491 (2016: £9,882,504). The balance sheet on page 6 shows a satisfactory position, with members' total interests amounting to £16,149,758 (2016: £12,343,977).

Going concern

The LLP has sufficient liquid resources and ongoing financial advisory contracts. The members are confident that the LLP will continue to meet its liabilities as they fall due for the foreseeable future and the financial statements are therefore prepared on the going concern basis.

Statement of disclosure to auditors

So far as the members are aware, there is no relevant audit information of which the LLP's auditor is unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the LLP's auditor is aware of that information.

This report was approved by the members on 25 April 2018 and signed on their behalf by:



Loic Fery
Designated member



Vincent Laurencin
for and on behalf of
Chenavari Financial Group Limited
Designated member

CHENAVARI CREDIT PARTNERS LLP

MEMBERS' RESPONSIBILITIES STATEMENT FOR THE ENDED 31 DECEMBER 2017

The members are responsible for preparing the financial statements in accordance with applicable law and regulation.

The Limited Liability Partnership Regulations (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the '2008 regulations'), require the members to prepare financial statements for each financial year. Under Regulation 8 of 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 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

Under Regulation 6 of the 2008 Regulations, 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. 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.

Auditors

The auditors, BDO LLP, were appointed and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

CHENAVARI CREDIT PARTNERS LLP
REGISTERED NUMBER: OC337434

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CHENAVARI CREDIT PARTNERS LLP

Opinion

We have audited the financial statements of Chenavari Credit Partners LLP ("the Limited Liability Partnership") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in members' interests and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2017 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the 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

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

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

Other information

The Members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

CHENAVARI CREDIT PARTNERS LLP
REGISTERED NUMBER: OC337434

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF CHENAVARI CREDIT PARTNERS LLP
(CONTINUED)**

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 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 Members' responsibilities statement, 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

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the 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 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.

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Michelle Carroll (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
Date: 25 April 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CHENAVARI CREDIT PARTNERS LLP
REGISTERED NUMBER: OC337434

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Note	£	£
TURNOVER	1,3	35,672,971	30,332,865
Cost of sales		<u>(222,279)</u>	<u>(257,773)</u>
GROSS PROFIT		35,450,692	30,075,092
Administrative expenses		<u>(24,377,201)</u>	<u>(20,192,588)</u>
OPERATING PROFIT	4	<u>11,073,491</u>	<u>9,882,504</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	8	<u>11,073,491</u>	<u>9,882,504</u>

All amounts relate to continuing operations.

The notes on pages 10 to 14 form part of these financial statements.

CHENAVARI CREDIT PARTNERS LLP
REGISTERED NUMBER: OC337434


STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	£	2017 £	£	2016 £
CURRENT ASSETS					
Debtors	5	18,872,378		14,405,288	
Cash at bank		<u>12,677,620</u>		<u>2,551,280</u>	
		31,549,998		16,956,568	
CREDITORS: amounts falling due within one year					
	6	<u>(15,029,240)</u>		<u>(3,837,575)</u>	
NET CURRENT ASSETS			16,520,758		13,118,993
NET ASSETS ATTRIBUTABLE TO MEMBERS			16,520,758		13,118,993
REPRESENTED BY:					
Loans and other debts due to Members within one year	7	16,149,758		12,747,993	
Members' other interests					
Members' capital classified as equity		<u>371,000</u>		<u>371,000</u>	
			16,520,758		13,118,993
TOTAL MEMBERS' INTERESTS					
Amounts due to members			16,149,758		12,747,993
Amounts due from members			-		(404,016)
	7		<u>16,149,758</u>		<u>12,343,977</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 25 April 2018



Loïc Fery
Designated member



Vincent Laurencin
for and on behalf of
Chenavari Financial Group Limited
Designated member

The notes on pages 10 to 14 form part of these financial statements.

CHENAVARI CREDIT PARTNERS LLP
REGISTERED NUMBER: OC337434

RECONCILIATION OF MOVEMENT IN MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Members' capital classified as equity £	Other reserves £	Total members' other interests £	Loans and other debts due to / (from) members £	Total £
At 1 January 2016	371,000	-	371,000	11,563,064	11,934,064
Profit for the year available for discretionary division among members	-	9,882,504	9,882,504	-	9,882,504
Members' interests after profit for the year	371,000	9,882,504	10,253,504	11,563,064	21,816,568
Allocated profit for the year	-	(9,882,504)	(9,882,504)	9,882,504	-
Drawings	-	-	-	(9,852,791)	(9,852,791)
Other movements	-	-	-	751,200	751,200
As at 31 December 2016	371,000	-	371,000	12,343,977	12,714,977
Profit for the year available for discretionary division among members	-	11,073,491	11,073,491	-	11,073,491
Members' interests after profit for the year	371,000	11,073,491	11,444,491	12,343,977	23,788,468
Allocated profit for the year	-	(11,073,491)	(11,073,491)	11,073,491	-
Drawings	-	-	-	(8,284,822)	(8,284,822)
Other movements	-	-	-	1,017,112	1,017,112
Balance at 31 December 2017	371,000	-	371,000	16,149,758	16,520,758
Amounts due to Members (Note 7)				<u>16,149,758</u>	

The notes on pages 10 to 14 form part of these financial statements.

CHENAVARI CREDIT PARTNERS LLP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year before members' remuneration and profit shares		11,073,491	9,882,504
Adjustments for:			
(Increase) in trade and other debtors	5	(4,467,090)	(1,584,294)
Increase in trade and other creditors	6	11,191,665	<u>1,183,485</u>
Net cash generated from operating activities		17,798,066	9,481,695
 Members' drawings		 (8,284,822)	 (9,852,791)
Other movements on members' accounts		613,096	<u>751,200</u>
Net cash used in financing activities		(7,671,726)	<u>(9,101,591)</u>
 Net increase in cash and cash equivalents		 10,126,340	380,104
Cash and cash equivalents at beginning of year		<u>2,551,280</u>	<u>2,171,176</u>
Cash and cash equivalents at end of year		<u>12,677,620</u>	<u>2,551,280</u>
 Cash and cash equivalents comprise:			
Cash at bank and in hand		<u>12,677,620</u>	<u>2,551,280</u>
		<u>12,677,620</u>	<u>2,551,280</u>

The notes on pages 10 to 14 form part of these financial statements.

CHENAVARI CREDIT PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships (SORP)" issued in July 2014.

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

The principal accounting policies described below have been applied:

1.2 Turnover

Turnover, which is presented net of Value Added Tax, is attributable to the supply of investment management services. Management fees are recognised on an accrual basis over the period in which services are provided, whilst performance fees are recognised at the point at which they crystallise, either at the end of a defined performance period or upon investor redemption.

1.3 Taxation

No taxation is reflected in the financial statements as tax is borne by the members in a personal capacity on their attributable profit shares and is not assessed on the Partnership.

1.4 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are considered in arriving at the operating result.

1.5 Members' remuneration and capital

Policies for members' drawings, profit allocations, subscription and repayments of members' capital are governed by the current Limited Liability Partnership Agreement dated 13 May 2008, as amended on 26 May 2011.

CHENAVARI CREDIT PARTNERS LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Judgement in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the members have made the following judgements:

Trade debtors are reviewed for impairment loss on an annual basis and provision made for any balances where there is uncertainty against the recoverability of the balance. This methodology is applied on a customer by customer basis.

Accruals have been provided for 2017 and 2016. These represent the amount of the liability at the time of the balance sheet date and have been calculated based on invoices received post year end.

3. TURNOVER

A geographical analysis of turnover is as follows:

	2017	2016
	£	£
United Kingdom	<u>35,672,971</u>	<u>30,332,865</u>
	<u>35,672,971</u>	<u>30,332,865</u>

CHENAVARI CREDIT PARTNERS LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016
	£	£
Auditors' remuneration	16,250	10,000
Foreign exchange loss	<u>2,291,981</u>	<u>499,967</u>

5. DEBTORS

	2017	2016
	£	£
Amounts due from members	-	404,016
Trade debtors	-	288,348
Amounts owed by group undertakings	10,808,475	13,696,442
Prepayments and accrued income	8,058,903	11,482
Deposits	5,000	5,000
	<u>18,872,378</u>	<u>14,405,288</u>

6. CREDITORS

Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	62,090	30,494
Accruals and deferred income	4,419,954	3,807,081
Amounts owed to group undertakings	10,547,196	-
	<u>15,029,240</u>	<u>3,837,575</u>

7. LOANS AND OTHER DEBTS DUE TO MEMBERS

	2017	2016
	£	£
Amounts due to Members	16,149,758	12,747,993
Amounts due from Members	-	(404,016)
	<u>16,149,758</u>	<u>12,343,977</u>

In the event of a winding up, the liabilities included in 'loans and other debts due to members' will rank equally with unsecured creditors.

CHENAVARI CREDIT PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8. INFORMATION IN RELATION TO MEMBERS

	2017	2016
The average number of members during the year was	<u>12</u>	<u>13</u>
The largest amount of profit attributable to any member was	<u>3,305,631</u>	<u>2,774,367</u>

9. RELATED PARTY TRANSACTIONS

During the year, the following related party transactions occurred:

During the year, Chenavari Financial Group Limited ('CFG'), the corporate member and immediate parent undertaking, provided administrative services to the LLP under a contractual agreement. The total charge during the year was £21,880,443 (2016 - £20,611,694). At the end of 2017, the LLP owed £5,023,301 to CFG (2016 - £4,418,907).

Chenavari Investment Managers Holdings Limited ('CIMH'), the ultimate controlling party, received investment management advice from the LLP for which CIMH was charged by the LLP a total of £2,075,499 (2016 - £32,891,310). As at 31 December 2017 the LLP owed CIMH £10,547,196 (2016 - CIMH owed the LLP (£13,696,442). The significant variance in both revenues and balances outstanding reflects the change during 2017 of revenue remittance processes: where previously the majority of client revenues flowed to the LLP via CIMH, most revenues are now received directly into the LLP.

10. IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Chenavari Investment Managers Holdings Limited ('CIMH'). The immediate parent company is Chenavari Financial Group Limited ('CFG'), a company registered in England and Wales. CFG prepares group accounts which is the largest and smallest group in which these financial statements are consolidated. The financial statements of CFG may be obtained from the Company Secretary at the Registered Office, Fifth Floor, 80 Victoria Street, London, SW1E 5JL.

CHENAVARI CREDIT PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The partnership's financial instruments comprise the following:

	2017	2016
	£	£
Financial assets		
Financial assets measured at amortised cost	<u>31,549,998</u>	<u>16,956,568</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>15,029,240</u>	<u>3,837,575</u>

Financial assets measured at amortised cost comprise cash, amounts owed by group undertakings, trade debtors, amounts due from members and prepayments and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, deferred income and amounts owed by group undertakings.

In the normal course of business the partnership's activities expose it to credit, liquidity, and market risk.

a) Credit risk

The LLP's exposure to credit risk arises from its cash balances and receivables. Cash balances of £12,677,620 (2016: £2,551,280) are held at a highly-rated banking institution based in the United Kingdom. The significant non-members' receivables of £8,009,423 (2016: £13,696,442) are fees due from the funds for which the LLP performs investment management services. The associated group undertaking receivables balance as at year end is £10,808,475. The company management seeks prompt payment of amounts owed to the LLP and can terminate the LLP's obligations arising under the relevant investment management agreements within an acceptable period to mitigate the risk of further loss.

b) Liquidity risk

The LLP's exposure to liquidity risk arises from its obligations to trade creditors and other third parties. Accruals and deferred income of £4,419,954 (2016: £3,807,081) represent payments to third parties paid from, and on receipt of, revenues. As such, liquidity risk is minimal as the liability does not arise until the revenue has been received.

c) Market risk

The LLP has direct exposure to foreign exchange risk as the LLP receives amounts for investment management services in Dollars and Euros and mitigates the foreign exchange risk by monitoring the balance in the currencies and converting the receipts into GBP on a timely basis. At year end, cash balances included amounts denominated in USD equivalent to £2,592,859 (2016: £647,746) and EUR equivalent to £3,557,743 (2016: £1,252,648).