

Registered number: OC337434

**CHENAVARI CREDIT PARTNERS LLP**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**CHENAVARI CREDIT PARTNERS LLP**

**CONTENTS**

	Page
<b>Information</b>	<b>1</b>
<b>Members' report</b>	<b>2</b>
<b>Members' responsibilities statement</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5</b>
<b>Statement of comprehensive income</b>	<b>8</b>
<b>Statement of financial position</b>	<b>9</b>
<b>Reconciliation of movement in Members' interests</b>	<b>10</b>
<b>Statement of cash flows</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

## **CHENAVARI CREDIT PARTNERS LLP**

### **INFORMATION**

#### **Designated members**

Chenavari Financial Group Limited (corporate member)  
Loic Fery

#### **LLP registered number**

OC337434

#### **Registered office**

80 Victoria Street  
Fifth Floor  
London  
SW1E 5JL  
England

#### **Independent auditor**

RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

## **CHENAVARI CREDIT PARTNERS LLP**

### **MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020.

#### **Principal activities**

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

#### **Business review**

During the financial year the LLP continued to provide financial advisory and investment management services across a range of credit strategies.

The 2020 financial year was one of extremes dominated by the rapid emergence, decline and subsequent resurgence of the highly contagious and potentially deadly COVID-19 coronavirus. This triggered stringent containment measures including the closure of most retail premises, offices and public venues, restrictions on travel and border closures. These measures were accompanied by aggressive fiscal and monetary action intended to mitigate the resulting choke on economic activity. Reflecting the actual and anticipated scale of infections, global markets sold off aggressively in February/March 2020 before recovering strongly in Q2 and mostly trending upwards in Q3 and Q4.

The LLP adjusted swiftly to the new business environment, notably wholesale remote working, and was able to maintain day-to-day operations with minimal disruption. Chenavari benefits from managing a diverse range of funds including a short-biased strategy which profited from the Q1 2020 market action and offset the adverse market impact on other funds. Additional opportunistic investments were made in Q1 to take advantage of price dislocations and Chenavari launched a new fund in Q2 capitalising on appetite for normalisation plays.

The results for the year and the financial position at the year end are set out in the financial statements and notes thereto on pages 8 to 17. The results for 2020 speak to the stability of the core business and are considered satisfactory by the members.

#### **Outlook**

In early Q2 2021, markets reflected strong economic growth expectations based on the ongoing success of vaccination programmes and pent-up consumer demand, tempered by the appearance of new coronavirus variants and an uptick in infections across continental Europe and elsewhere.

Based on the pattern of 2020, volatility will likely remain heightened until control measures can be seen to have a permanent effect and underpin the sustained resumption of normal economic activity. In the medium term, the cost of fiscal support measures in the form of increased taxation will represent a drag on performance.

It is not possible to predict the long-term effect on the business however the past year has demonstrated that the business model allows sufficient flexibility to cater to a wide range of outcomes and the members are confident that the business will remain viable and continue to prosper.

#### **Members' capital and interests**

Members' capital and interests and movements thereon are reported in the reconciliation of movement in members' interests on page 10.

Drawings comprise monthly advances on profits, with any balance of allocated profit being paid after year end.

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 and 27 March 2019.

**CHENAVARI CREDIT PARTNERS LLP**

**MEMBERS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Designated members**

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

**Results and distributions**

The profit for the year available for distribution to members was £6,775,789 (2019: £8,983,593). The statement of financial position on page 9 shows a satisfactory position, with total members' interests amounting to £11,525,136 (2019: £16,553,479).

**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.

**Auditors**

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

This report was approved by the members on 27 April 2021 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 YEAR ENDED 31 DECEMBER 2020**

The members are responsible for preparing the members' report and 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 these regulations, 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 these 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, and
- 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 Limited Liability Partnerships (Accounts and Audit) (Application of the 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.

**CHENAVARI CREDIT PARTNERS LLP**  
**REGISTERED NUMBER: OC337434**

**INDEPENDENT AUDITOR'S REPORT TO THE 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 2020 which comprise the statement of comprehensive income, statement of financial position, reconciliation of movement in members' interests, 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 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

**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 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.

**CHENAVARI CREDIT PARTNERS LLP**  
**REGISTERED NUMBER: OC337434**

**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 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 set out on page 4, 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.

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.



**CHENAVARI CREDIT PARTNERS LLP**  
**REGISTERED NUMBER: OC337434**

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and the LLP SORP 2018. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management and those charged with governance whether the partnership is in compliance with these laws and regulations. We inspected compliance documentation, including but not limited to, internal procedures' manuals, risk and breaches registers, regulatory returns and correspondence with the FCA as well as considering compliance with the conditions for authorisation and other regulatory obligations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business. Our audit procedures in respect of revenue recognition included, but were not limited to, recalculating a sample of management fees, rebates and performance fees by reference to third-party administrator records and underlying legal agreements along with agreement to cash receipts.

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



Neil Griggs (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London, EC4A 4AB

27 April 2021

**CHENAVARI CREDIT PARTNERS LLP**  
**REGISTERED NUMBER: OC337434**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>TURNOVER</b>	1,3	<b>24,996,206</b>	31,734,321
Cost of sales		<u>(13,151)</u>	<u>(283)</u>
<b>GROSS PROFIT</b>		<b>24,983,055</b>	31,734,038
Administrative expenses		<u>(18,207,266)</u>	<u>(22,750,445)</u>
<b>OPERATING PROFIT</b>	4	<u><b>6,775,789</b></u>	<u>8,983,593</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u><b>6,775,789</b></u>	<u>8,983,593</u>

All amounts relate to continuing operations and there was no other comprehensive income for the year.

The notes on pages 12 to 17 form part of these financial statements.

**CHENAVARI CREDIT PARTNERS LLP**  
**REGISTERED NUMBER: OC337434**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	£	2020 £	2019 £
<b>CURRENT ASSETS</b>				
Debtors	5	10,218,325	17,104,027	
Cash at bank		6,680,066	8,938,079	
Derivative financial assets	6	-	355,305	
		<u>16,898,391</u>	<u>26,397,411</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(5,294,233)</u>	<u>(9,843,932)</u>	
Derivative financial liabilities	6	<u>(79,022)</u>	-	
<b>NET CURRENT ASSETS</b>			<u>11,525,136</u>	<u>16,553,479</u>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u>11,525,136</u>	<u>16,553,479</u>
<b>REPRESENTED BY:</b>				
Loans and other debts due to Members within one year	8	6,110,835	11,139,178	
Other reserves classified as equity	8	5,023,301	5,023,301	
<b>Members' other interests</b>				
Members' capital classified as equity		<u>391,000</u>	<u>391,000</u>	
<b>TOTAL MEMBERS' INTERESTS</b>			<u>11,525,136</u>	<u>16,553,479</u>
Amounts due to members			<u>6,110,835</u>	<u>11,139,178</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 27 April 2021.



**Loic Fery**  
Designated member



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

The notes on pages 12 to 17 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 2020**

	Members' capital classified as equity £	Other reserves classified as equity £	Other reserves £	Total members' other interests £	Loans and other debts due to / (from) members £	Total £
<b>At 1 January 2019</b>	<b>391,000</b>	<b>-</b>	<b>-</b>	<b>391,000</b>	<b>12,716,054</b>	<b>13,107,054</b>
Profit for the year available for discretionary division among members	-	-	8,983,593	8,983,593	-	8,983,593
<b>Members' interests after profit for the year</b>	<b>391,000</b>	<b>-</b>	<b>8,983,593</b>	<b>9,374,593</b>	<b>12,716,054</b>	<b>22,090,647</b>
Determination of amounts due to members as equity (Note 8)	-	5,023,301	-	5,023,301	-	5,023,301
Profit allocation for the year	-	-	(8,983,593)	(8,983,593)	8,983,593	-
Drawings	-	-	-	-	(9,692,062)	(9,692,062)
Other movements	-	-	-	-	(868,407)	(868,407)
<b>Balance at 31 December 2019</b>	<b>391,000</b>	<b>5,023,301</b>	<b>-</b>	<b>5,414,301</b>	<b>11,139,178</b>	<b>16,553,479</b>
Profit for the year available for discretionary division among members	-	-	6,775,789	6,775,789	-	6,775,789
<b>Members' interests after profit for the year</b>	<b>391,000</b>	<b>5,023,301</b>	<b>6,775,789</b>	<b>12,190,090</b>	<b>11,139,178</b>	<b>23,329,268</b>
Profit allocation for the year	-	-	(6,775,789)	(6,775,789)	6,775,789	-
Drawings	-	-	-	-	(9,302,576)	(9,302,576)
Other movements	-	-	-	-	(2,501,556)	(2,501,556)
<b>Balance at 31 December 2020</b>	<b>391,000</b>	<b>5,023,301</b>	<b>-</b>	<b>5,414,301</b>	<b>6,110,835</b>	<b>11,525,136</b>
Amounts due to Members (Note 8)					<u>6,110,835</u>	

The notes on pages 12 to 17 form part of these financial statements.

**CHENAVARI CREDIT PARTNERS LLP**  
**REGISTERED NUMBER: OC337434**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>6,775,789</b>	<b>8,983,593</b>
Adjustments for:			
Decrease / (increase) in derivative financial instruments	6	<b>434,327</b>	(355,305)
Decrease / (increase) in trade and other debtors	5	<b>6,885,702</b>	(2,981,888)
(Decrease) / increase in trade and other creditors	7	<b>(4,549,699)</b>	3,121,429
Unrealised currency translation losses		<b>289,465</b>	606,493
<b>Net cash generated from operating activities</b>		<b>9,835,584</b>	<b>9,374,322</b>
<b>Cash flows from financing activities</b>			
Members' drawings		<b>(9,302,576)</b>	(9,692,062)
Other movements on members' accounts		<b>(2,501,556)</b>	4,154,894
<b>Net cash used in financing activities</b>		<b>(11,804,132)</b>	<b>(5,537,168)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,968,548)</b>	<b>3,837,154</b>
Cash and cash equivalents at beginning of year		<b>8,938,079</b>	5,707,418
Effects of currency translation on cash and cash equivalents		<b>(289,465)</b>	(606,493)
<b>Cash and cash equivalents at end of year</b>		<b>6,680,066</b>	<b>8,938,079</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		<b>6,680,066</b>	8,938,079
		<b>6,680,066</b>	<b>8,938,079</b>

The notes on pages 12 to 17 form part of these financial statements.

## **CHENAVARI CREDIT PARTNERS LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1. ACCOUNTING POLICIES**

##### **1.1 Partnership information**

Chenavari Credit Partners LLP ("the LLP" is incorporated in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 1. The nature of the LLP's operations and its principal activities are set out in the members' report on pages 2 to 3.

##### **1.2 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis under the historical cost convention, except for derivative financial instruments measured at fair value, 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)".

The functional currency of the LLP is considered to be pounds sterling as this is the currency of the primary economic environment in which the Partnership operates.

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:

##### **1.3 Going concern**

In preparing the financial statements, the members have considered the current financial position of the LLP and its projected future cash flows. As at the date of signing the financial statements, the members have concluded that it is appropriate to prepare the financial statements on a going concern basis.

The LLP meets its day-to-day working capital requirements through its own reserves. The LLP's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the LLP should be able to operate within its current level for the foreseeable future.

##### **1.4 Turnover**

Turnover, which is presented net of Value Added Tax, is attributable to the supply of investment management services and is recognised as earned when, and to extent that, the firm obtains the right to consideration in exchange for the services provided.

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.

Turnover is presented net of partial rebates on management and performance fees payable to clients in line with corresponding agreements.

##### **1.5 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.

**CHENAVARI CREDIT PARTNERS LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. ACCOUNTING POLICIES (continued)**

**1.6 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.

**1.7 Debtors**

Debtors are measured at transaction price, less any impairment.

**1.8 Creditors**

Creditors are measured at the transaction price.

**1.9 Financial assets and liabilities**

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Derivative financial instruments are measured at fair value through profit and loss at each reporting date.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

**1.10 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 and 27 March 2019.

Each individual member's capital comprises a fixed element. New members subscribe their capital at par and retiring members' capital is repurchased at par.

Amounts shown as "Other reserves classified as equity" in the reconciliation of movement in members' interests (page 10) will not be distributed other than in a winding up of the LLP. There are no other restrictions on distribution of members' interests.

The LLP determines the amount of profit to be treated as members' remuneration. This profit is treated as allocated. Drawings are treated as payments on account of profit allocation and are only repayable to the LLP insofar as there are insufficient profits to allocate against such drawings. Any drawings in excess of total profits allocated to that member would be included as a Debtor.

# CHENAVARI CREDIT PARTNERS LLP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 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.

Foreign exchange derivative financial instruments are valued using foreign exchange forward market prices on the reporting date.

### 3. TURNOVER

A geographical analysis of turnover is as follows:

	2020 £	2019 £
United Kingdom	<u>24,996,206</u>	<u>31,734,321</u>

### 4. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £	2019 £
Auditors' remuneration	27,500	18,350
Foreign exchange (loss) / gain	(776,086)	(537,848)
Service charge from Chenavari Financial Group Limited	<u>16,977,341</u>	<u>21,611,369</u>

### 5. DEBTORS

	2020 £	2019 £
Trade debtors	478,213	4,955,994
Amounts owed by group undertakings	4,556,082	12,069,435
Prepayments and accrued income	5,152,287	60,839
Other debtors	26,743	12,759
Deposits	5,000	5,000
	<u>10,218,325</u>	<u>17,104,027</u>

Amounts owed by group undertakings are unsecured, repayable on demand and do not bear interest.



**CHENAVARI CREDIT PARTNERS LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**6. DERIVATIVE FINANCIAL INSTRUMENTS**

**Derivatives not designated as hedging instruments**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Foreign exchange forward contract (liabilities) / assets	<u>(79,022)</u>	<u>355,305</u>
	<u>(79,022)</u>	<u>355,305</u>

**7. CREDITORS**

**Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>104,509</b>	29,253
Accruals and deferred income	<b>1,349,997</b>	3,075,785
Amounts owed to group undertakings	<b>3,799,488</b>	6,738,894
Other creditors	<b>40,239</b>	-
	<u><b>5,294,233</b></u>	<u>9,843,932</u>

Amounts owed to group undertakings are unsecured, payable on demand and do not bear interest.

**8. LOANS AND OTHER DEBTS DUE TO MEMBERS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Amounts due to Members	<u><b>6,110,835</b></u>	<u>11,139,178</u>
	<u><b>6,110,835</b></u>	<u>11,139,178</u>

The amounts shown do not include £5,203,301 of prior year profit allocations to the corporate member (Chenavari Financial Group Limited) which have been expressly subordinated to all other creditors and are classified as equity.

**9. INFORMATION IN RELATION TO MEMBERS**

	<b>2020</b>	<b>2019</b>
The average number of members during the year was	<u><b>10</b></u>	<u>11</u>
The largest amount of profit attributable to any member (including the corporate member) was	<u><b>1,697,056</b></u>	<u>3,000,000</u>

## CHENAVARI CREDIT PARTNERS LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 10. 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 £16,977,341 (2019: £21,611,369). At the end of 2020, the LLP owed £4,116,880 to CFG (2019: £5,225,549).

As at 31 December 2020 the LLP owed Chenavari Investment Managers Holdings ('CIMH'), the ultimate controlling party, £2,606,361 (2019: £2,672,608).

During the year the LLP recharged the expenses of £10,449 (2019: 1,347) to Chenavari Capital, majority shareholder of CIMH. As at 31 December 2020, Chenavari Capital owed to the LLP £11,796 (2019: £1,347).

During the year the LLP provided portfolio management services to Chenavari Investment Managers (Luxembourg) Sarl ('CIM Lux'), a subsidiary of CIMH, for which CIM Lux was charged £13,509,994 (2019: £14,258,339). At the end of 2020, CIM Lux owed to the LLP £4,505,684 (2019: £9,155,497).

#### 11. 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.

#### 12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The partnership's financial instruments comprise the following:

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	16,837,276	25,989,249
Financial assets measured at fair value through profit and loss	-	355,305
	<u>16,837,276</u>	<u>26,344,554</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	5,294,233	9,843,932
Financial liabilities measured at fair value through profit and loss	79,022	-
	<u>5,373,255</u>	<u>9,843,932</u>

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

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

Financial liabilities measured at fair value through profit and loss comprise derivatives.

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

## **CHENAVARI CREDIT PARTNERS LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **12. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)**

##### **a) Credit risk**

The LLP's exposure to credit risk arises from its cash balances and receivables. Cash balances of £6,680,066 (2019: £8,938,079) are held at a highly-rated banking institution based in the United Kingdom. Significant non-members' receivables of £5,519,739 (2019: £5,016,833) 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 £4,556,082. 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, trade and other creditors and deferred income of £1,494,745 (2019: £3,105,038) represent payments owing to third parties which are paid from, and due 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 Euros and Dollars and mitigates the foreign exchange risk by monitoring the balance in the currencies and converting the receipts into GBP on a timely basis (this includes hedging of foreign exchange rates using foreign exchange forward contracts). At year end, cash balances included amounts denominated in EUR equivalent to £3,818,286 (2019: £4,740,186) and USD equivalent to £670,428 (2019: £1,669,098).

The LLP is not exposed to any interest rate risk as it does not have any interest-bearing financial assets and liabilities.

#### **13. SUBSEQUENT EVENTS**

In June 2016, the United Kingdom approved the withdrawal of the United Kingdom from the European Union, commonly referred to as 'Brexit'. The UK Brexit transition period ended on 31 December 2020 and the framework for UK/EU financial services interaction is under discussion, with no expectations of a swift conclusion.

The members review the post-Brexit landscape on an ongoing basis with specific regard to implications for business performance and strategy. At present the long-term outcome and consequences of Brexit cannot be accurately assessed and no significant impact has been identified.