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**AUTONOMOUS RESEARCH LLP**

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**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**



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**AUTONOMOUS RESEARCH LLP**

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**AUTONOMOUS RESEARCH LLP**

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**INFORMATION**

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<b>Designated Members</b>	Stuart Graham Edward Allchin Jonathan Firkins
<b>LLP registered number</b>	OC343985
<b>Registered office</b>	1 Bartholomew Lane Floor 2 London EC2N 2AX
<b>Independent auditors</b>	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB
<b>Bankers</b>	HSBC PLC City Commercial Centre 60 Queen Victoria Street London EC4N 4TR
<b>Solicitors</b>	Maclay Murray & Spens LLP One London Wall London EC2Y 5AB

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## **AUTONOMOUS RESEARCH LLP**

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### **MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2016**

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The Members present their annual report together with the audited financial statements of Autonomous Research LLP (the Partnership) for the year ended 31 March 2016.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The principal activity of the Partnership is to provide independent research to professional and institutional investors. There is also an agency trading function to execute both European equity and credit instruments.

The development of the partnership's business is reflected in the attached profit and loss account. The Designated Members consider the result for the year to be satisfactory and anticipate continued strong growth.

Autonomous Research LLP is authorised and regulated by the Financial Conduct Authority.

#### **DESIGNATED MEMBERS**

Stuart Graham, Edward Allchin and Jonathan Firkins were Designated Members of the Partnership throughout the year.

#### **RESULTS AND DISTRIBUTIONS**

During the year the Partnership achieved an operating profit of £16,277,134 (2015: £16,683,126). The Partnership's statement of financial position as detailed on page 9 shows a satisfactory position; Members' total interests as at 31 March 2016 amounted to £9,759,092 (2015: £8,765,037).

#### **POLICY FOR MEMBERS' DRAWINGS, PROFIT ALLOCATION, SUBSCRIPTIONS AND REPAYMENT OF MEMBERS' CAPITAL**

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between Members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year end, subject to the cash requirements of the business.

#### **DONATIONS**

During the year the Partnership made charitable donations of £174,079 (2015: £176,823) to registered UK charities.

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**AUTONOMOUS RESEARCH LLP**

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**MEMBERS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

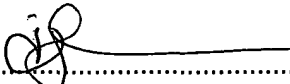
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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Designated Members at the time when this Members' report is approved has confirmed that:

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

This report was approved by the Members and signed on their behalf by:

  
.....  
**Jonathan Firkins**  
Designated Member  
Date: 23 May 2016

  
.....  
**Edward Atchins**  
Designated Member  
Date: 23 May 2016

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## **AUTONOMOUS RESEARCH LLP**

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### **MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

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

Company law, as applied to LLPs, requires the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Partnership law, as applied to LLPs, 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 these financial statements, the Members are required to:

- select suitable accounting policies for the Partnership financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the entity's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership 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 Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## **AUTONOMOUS RESEARCH LLP**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTONOMOUS RESEARCH LLP**

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We have audited the financial statements of Autonomous Research LLP for the year ended 31 March 2016 which are set out on pages 7 to 26. 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. 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 Directors and Auditors**

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. 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 Boards [(APB's)] Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Designated Members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on 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 March 2016 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.

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**AUTONOMOUS RESEARCH LLP**

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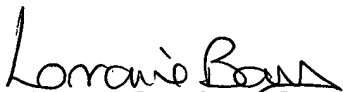
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AUTONOMOUS RESEARCH LLP**

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**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.



Lorraine Bay, *Senior Statutory Auditor*  
For and on behalf of Moore Stephens LLP, Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

Date: 23 May 2016



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**AUTONOMOUS RESEARCH LLP**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

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	Note	2016 £	2015 £
Turnover	3	27,711,064	25,817,779
Administrative expenses		(11,433,930)	(9,134,653)
<b>Operating profit</b>	5	16,277,134	16,683,126
Interest receivable and similar income		8,849	8,800
Interest payable and expenses	8	(78,807)	(83,743)
<b>Profit before tax</b>		16,207,176	16,608,183
<b>Profit for the year before Members' remuneration and profit shares available for discretionary division among Members</b>		<u>16,207,176</u>	<u>16,608,183</u>
Profit for the year before Members' remuneration and profit shares		16,207,176	16,608,183
<b>Profit for the financial year available for discretionary division among Members</b>		<u>16,207,176</u>	<u>16,608,183</u>
<b>Total comprehensive income</b>		<u>16,207,176</u>	<u>16,608,183</u>

The notes on pages 12 to 26 form part of these financial statements.

**AUTONOMOUS RESEARCH LLP**  
**REGISTERED NUMBER: OC343985**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2016**


	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	10	283,527	430,101
		<u>283,527</u>	<u>430,101</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	19,392,569	14,878,438
Cash at bank and in hand	12	8,422,239	7,707,672
		<u>27,814,808</u>	<u>22,586,110</u>
Creditors: amounts falling due within one year	13	(2,974,296)	(2,204,709)
<b>Net current assets</b>		<u>24,840,512</u>	<u>20,381,401</u>
<b>Total assets less current liabilities</b>		<u>25,124,039</u>	<u>20,811,502</u>
Creditors: amounts falling due after more than one year	14	(1,203,858)	(1,682,472)
		<u>23,920,181</u>	<u>19,129,030</u>
<b>Net assets attributable to Members</b>		<u><u>23,920,181</u></u>	<u><u>19,129,030</u></u>

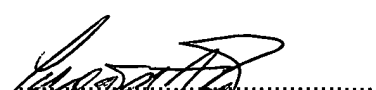
**AUTONOMOUS RESEARCH LLP**  
**REGISTERED NUMBER: OC343985**

**STATEMENT OF FINANCIAL POSITION (continued)**  
**AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Represented by:</b>			
<b>Loans and other debts due to Members within one year</b>			
Other amounts		5,215,223	4,948,691
		<u>5,215,223</u>	<u>4,948,691</u>
<b>Members' other interests</b>			
Members' capital classified as equity		2,497,782	2,497,418
Other reserves classified as equity		16,207,176	11,682,921
		<u>18,704,958</u>	<u>14,180,339</u>
		<u><u>23,920,181</u></u>	<u><u>19,129,030</u></u>
<b>Total Members' interests</b>			
Amounts due to Members (included in debtors)		(14,161,089)	(10,363,993)
Loans and other debtors due to Members	16	5,215,223	4,948,691
Members' other interests		18,704,958	14,180,339
		<u><u>9,759,092</u></u>	<u><u>8,765,037</u></u>

The financial statements were approved and authorised for issue by the Members and were signed on their behalf on

  
**Jonathan Firkins**  
 Designated Member  
 Date: 23 May 2016

  
**Edward Allchin**  
 Designated Member  
 Date: 23 May 2016

The notes on pages 12 to 26 form part of these financial statements.

**AUTONOMOUS RESEARCH LLP**  
**REGISTERED NUMBER: OC343985**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	Members' capital (Classified as equity)	Other reserves	Total Members' other interests	Loans and debts due to Members less any amounts due from Members in debtors	Total equity
	£	£	£	£	£
<b>Members' interests: balance at 1 April 2014</b>	<b>2,496,793</b>	<b>8,132,438</b>	<b>10,629,231</b>	<b>(1,685,120)</b>	<b>8,944,111</b>
Total comprehensive income	-	16,608,183	16,608,183	-	16,608,183
<b>Members' interests after Profit for the year</b>	<b>2,496,793</b>	<b>24,740,621</b>	<b>27,237,414</b>	<b>(1,685,120)</b>	<b>25,552,294</b>
Allocated Profit for the year	-	(13,057,700)	(13,057,700)	13,057,700	-
Amounts introduced by Members	-	-	-	(1,815,219)	(1,815,219)
Amounts withdrawn by Members	-	-	-	(14,829,394)	(14,829,394)
Repayment of working capital	-	-	-	(143,269)	(143,269)
Capital introduced by Members	625	-	625	-	625
<b>Members' interests: balance at 31 March 2015</b>	<b>2,497,418</b>	<b>11,682,921</b>	<b>14,180,339</b>	<b>(5,415,302)</b>	<b>8,765,037</b>
Total comprehensive income	-	16,207,176	16,207,176	-	16,207,176
<b>Members' interests after Profit for the year</b>	<b>2,497,418</b>	<b>27,890,097</b>	<b>30,387,515</b>	<b>(5,415,302)</b>	<b>24,972,213</b>
Allocated profit for the year	-	(11,682,921)	(11,682,921)	11,682,921	-
Movement on amounts due to Members	-	-	-	353,440	353,440
Drawings	-	-	-	(15,365,709)	(15,365,709)
Repayment of Members' working capital	-	-	-	(201,216)	(201,216)
Capital introduced by Members	502	-	502	-	502
Capital amounts repaid to Members	(138)	-	(138)	-	(138)
<b>Members' interests: balance at 31 March 2016</b>	<b>2,497,782</b>	<b>16,207,176</b>	<b>18,704,958</b>	<b>(8,945,866)</b>	<b>9,759,092</b>

In the event of winding up the Partnership the creditors of the Partnership will be paid before Members' distributions or the repayment of Members' capital.

**AUTONOMOUS RESEARCH LLP**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	16,207,176	16,608,183
<b>Adjustments for:</b>		
Depreciation of tangible assets	179,760	163,597
Loss on disposal of tangible assets	-	2,250
Interest paid	78,807	83,743
Interest received	(8,849)	(8,800)
Increase in debtors	(717,035)	(186,408)
Increase in creditors	935,372	(370,887)
<b>Net cash generated from operating activities</b>	<b>16,675,231</b>	<b>16,291,678</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(33,186)	(19,447)
Interest received	8,849	8,800
<b>Net cash from investing activities</b>	<b>(24,337)</b>	<b>(10,647)</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	62,230
Repayment of loans	(644,399)	-
Interest paid	(78,807)	(83,743)
Payments to Members	(15,365,709)	(14,829,395)
Contribution by Members	502	625
Repayment of capital contribution	(138)	-
Contribution of loans by Members	48,784	56,731
Repayment of loans to Members	(250,000)	(200,000)
Loans to Members	353,440	(1,815,218)
<b>Net cash used in financing activities</b>	<b>(15,936,327)</b>	<b>(16,808,770)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>714,567</b>	<b>(527,739)</b>
Cash and cash equivalents at beginning of year	7,707,672	8,235,411
<b>Cash and cash equivalents at the end of year</b>	<b><u>8,422,239</u></b>	<b><u>7,707,672</u></b>

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## **AUTONOMOUS RESEARCH LLP**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared 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 and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

Information on the impact of first-time adoption of FRS 102 is given in note 22.

Disclosure of company information:

Name: Autonomous Research LLP

Period covering: 1 April 2015 to 31 March 2016

Financial statements preparation: Individual

Presentation and functional currency: GBP (£)

Legal form: Limited Liability Partnership

Country of incorporation: United Kingdom

Registered address: 1 Batholomew Lane, Floor 2, London, EC2N 2AX

Principal activities: providing independent research to professional and institutional investors. There is also an agency trading function to execute both European equity and credit instruments.

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 entity's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### **1.2 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

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## AUTONOMOUS RESEARCH LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies (continued)

##### 1.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Partnership adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Partnership. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Improvements	- 5 years
Fixtures and fittings	- 3 years
Office equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

##### 1.4 Intangible fixed assets

Intangible fixed assets are recorded at cost and amortised. Amortisation is calculated on a straight line basis so as to write off the cost of the asset, less its estimated residual value, over the expected useful economic life of the asset. The following amortisation rates have been applied:

Intangible assets	– 3 years
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##### 1.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

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## AUTONOMOUS RESEARCH LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies (continued)

##### 1.6 Financial instruments

###### Financial assets

The Partnership's financial assets comprise basic financial instruments, being trade and other receivables and cash and bank balances.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Trade and other receivable are measured at transaction price less any impairment. Any impairment loss is recognised in the income statement.

The impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Partnership would receive for the asset if it were to be sold at the reporting date.

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

###### Financial liabilities

The Partnership's financial liabilities comprise basic financial liabilities, being including trade and other payables, amounts due to fellow group companies, accruals and a bank loan. These are initially recognised at transaction price and are measured subsequently at amortised cost.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

###### Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



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## AUTONOMOUS RESEARCH LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 1. Accounting policies (continued)

##### 1.7 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account within 'other operating income'.

##### 1.8 Pensions

###### Defined contribution pension plan

The Partnership operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Partnership pays fixed contributions into a separate entity. Once the contributions have been paid the Partnership has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Partnership in independently administered funds.

##### 1.9 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

##### 1.10 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

##### 1.11 Taxation

No taxation is reflected in the accounts as tax is borne by the individual Members in a personal capacity on their attributable profit shares and not the Partnership.

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## **AUTONOMOUS RESEARCH LLP**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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#### **2. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

##### **Critical accounting estimates and assumptions**

The Partnership makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are addressed below.

##### **Useful economic lives of non-financial assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilization and the physical condition of the assets. See note 10 for the carrying amount of the non-financial assets, and note 1.3 for the useful economic lives for each class of assets.

#### **3. Turnover**

Turnover, stated net of value added tax, represents commission receivable for services to professional and institutional investors. 46% (2015: 44%) of turnover relates to revenues received under Commission Sharing Arrangements, which are recognised in the period to which the service related, when confirmed by the earlier of the payer or executing broker. 38% (2015: 36%) of turnover is direct equities trading commission, which is recognised on the confirmation of each trade with the client, being the trade / contract date. 16% (2015: 20%) of turnover is direct credit trading commission, which again is recognised on the confirmation of each trade with the client, being the trade / contract date.

The Members have decided to omit the geographical markets for the financial year.

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## AUTONOMOUS RESEARCH LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 4. Financial Risk Management

##### Credit risk

The Partnership's exposure to credit risk arises from its cash balance, amounts receivable and the bank loan.

Cash balances are held at highly rated banking institutions in the UK. Receivables at the date of the balance sheet relate to fees owed, prepayments, recoverable VAT and amounts due from members.

The Members have the ability to withhold services should the fees agreed not be paid, and the assets become impaired, in order to minimise further loss. The Members closely monitor the recoverability of other debtors.

The maximum exposure to credit risk is equal to the amounts at which the assets are included on the Statement of Financial Position.

##### Liquidity risk

The objective of the Partnership in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Partnership expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the Partnership has credit facilities available. The Partnership is in position to meet its commitments and obligations as they come due.

##### Market risk

Since the firm holds no trading book positions on its balance sheet the main market risk it potentially faces relates to fluctuations in the value of its revenues due to movements in currency rates, since certain amounts payable to the firm are denominated in currencies other than sterling (mainly USD). The Members reviews the exposure to foreign currencies on a yearly bases and find that the Partnership is not subject to market risk that will affect the ability to meet its commitments and obligations as they fall due.

The Company operates in the global markets and therefore generates revenue, and subsequently cash and debtor balances, in three different currencies, being EUR, GBP and USD. All currencies have their own currency bank account to remove the FX cost that banks would impose.

At 31 March 2016 our EUR and USD balances, in GBP equivalent, were as follows;

	<u>USD (GBP EQUIV)</u>	<u>EUR (GBP EQUIV)</u>
Assets	4,676,382	492,836

At 31 March 2016, if GBP has strengthened/weakened by 5% and 10% against the EUR and against the USD the effects arising from the gross assets position will be as follows;

	GBP			
	-10%	-5%	5%	10%
USD	-467,638	-233,819	233,819	467,638
EUR	-49,284	-24,642	24,642	49,284

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**4. Financial Risk Management (continued)**

	<u>USD (GBP EQUIV)</u>	<u>EUR (GBP EQUIV)</u>
Revenue	10,774,622	528,668

At 31 March 2016, if GBP has strengthened/weakened by 5% and 10% against the EUR and against the USD the effects arising from the gross assets position will be as follows;

	GBP			
	-10%	-5%	5%	10%
USD	-1,077,462	-538,831	538,831	1,077,462
EUR	-52,867	-26,433	26,433	52,867

**5. Operating profit**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	179,760	163,597
Fees payable to the Partnership's auditor and its associates for the audit of the Partnership's annual accounts	25,000	20,000
• Other services – taxation	-	1,000
• Other services – FRS 102 review	4,039	-
Operating lease rentals - buildings and service charge	490,441	394,959
Bloomberg and other data charges	941,983	809,206
Exchange differences	<u>(193,660)</u>	<u>(137,219)</u>

During the year, no Member received any emoluments (2015 - £NIL).

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**6. Employees**

Staff costs, including Members' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,725,761	2,335,118
Social security costs	438,930	283,049
Cost of defined contribution scheme	199,714	69,622
	<u>4,364,405</u>	<u>2,687,789</u>

The average monthly number of persons employed during the year was as follows:

	2016 No.	2015 No.
Research:	8	8
Sales - trading:	6	2
Middle / back office:	14	11
	<u>28</u>	<u>21</u>

**Key management personnel**

There are no individuals other than the Members who are considered to be key management personnel. Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between Members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year end, subject to the cash requirements of the business. This treatment is consistent with prior year.

**7. Information in relation to Members**

	2016 Number	2015 Number
The average number of Members during the year was	<u>30</u>	<u>27</u>
	£	£
The amount of profit attributable to the member with the largest entitlement was	<u>1,569,281</u>	<u>3,449,632</u>

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**8. Interest payable and similar charges**

	2016 £	2015 £
Bank interest payable	74,677	77,257
Other loan interest payable	4,130	6,486
	<u>78,807</u>	<u>83,743</u>

**9. Intangible assets**

	Intangible assets £
<b>Cost</b>	
At 1 April 2015	24,267
<b>At 31 March 2016</b>	<u>24,267</u>
<b>Amortisation</b>	
At 1 April 2015	24,267
At 31 March 2016	<u>24,267</u>
<b>Net book value</b>	
At 31 March 2016	<u>-</u>
At 31 March 2015	<u>-</u>

**AUTONOMOUS RESEARCH LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**10. Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2015	382,854	213,354	344,698	940,906
Additions	-	1,574	31,612	33,186
Disposals	-	-	(1,801)	(1,801)
At 31 March 2016	<u>382,854</u>	<u>214,928</u>	<u>374,509</u>	<u>972,291</u>
<b>Depreciation</b>				
At 1 April 2015	146,760	106,109	257,936	510,805
Charge owned for the period	76,571	35,990	67,199	179,760
Disposals	-	-	(1,801)	(1,801)
At 31 March 2016	<u>223,331</u>	<u>142,099</u>	<u>323,334</u>	<u>688,764</u>
At 31 March 2016	<u><u>159,523</u></u>	<u><u>72,829</u></u>	<u><u>51,175</u></u>	<u><u>283,527</u></u>
At 31 March 2015	<u><u>236,094</u></u>	<u><u>107,245</u></u>	<u><u>86,762</u></u>	<u><u>430,101</u></u>

The assets of the Partnership has a fixed and floating charges as agreed per the bank loan agreement. This includes present and future freehold and leasehold of the property.

**11. Debtors**

	2016 £	2015 £
Trade debtors	3,122,248	2,836,311
Other debtors	562,151	604,311
Prepayments and accrued income	1,547,081	1,073,823
Amounts due from Members	14,161,089	10,363,993
	<u><u>19,392,569</u></u>	<u><u>14,878,438</u></u>

Included within other debtors is a collateral deposit of £140,000 (2015: £140,000) with BNP Paribas Securities Services Ltd and £69,551 (2015: £67,354) with BNP Paribas Securities Corp and £250,000 (2015: £250,000) with Pershing Securities Limited.

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**12. Cash and cash equivalents**

	2016 £	2015 £
Cash at bank and in hand	8,422,239	7,707,672
	<u>8,422,239</u>	<u>7,707,672</u>

**13. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank loans	478,614	644,399
Trade creditors	371,070	292,598
Taxation and social security	118,699	58,563
Other creditors	373,402	135,389
Accruals and deferred income	1,632,511	1,073,760
	<u>2,974,296</u>	<u>2,204,709</u>

**14. Creditors: Amounts falling due after more than one year**

	2016 £	2015 £
Bank loans	1,203,858	1,682,472
	<u>1,203,858</u>	<u>1,682,472</u>

The bank loans are secured by three Members of the Partnership and holds both a fixed and floating charges over the assets of the Partnership including present and future freehold and leasehold property, book and other debts, chattels and goodwill.



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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**15. Loans**

Analysis of the maturity of loans is given below:

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Bank loans	478,614	644,399
	<u>478,614</u>	<u>644,399</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	1,203,858	1,682,472
	<u>1,203,858</u>	<u>1,682,472</u>

**16. Loans and other debts due to Members**

	2016 £	2015 £
Amounts due to Members	5,215,223	4,948,691
	<u>5,215,223</u>	<u>4,948,691</u>

Loans and other debts due to Members rank equally with debts due to ordinary creditors in the event of a winding up.

**17. Pension commitments**

The Partnership operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Partnership in independently administered funds. The pension-cost charge represents contributions payable by the Partnership to the fund and amounted to £199,358 (2015: £69,622). Contributions totalling £129,375 (2015: £10,405) were payable to the funds at the statement of financial position date and are included in other creditors.

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## AUTONOMOUS RESEARCH LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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#### 18. Capital

The Partnership is regulated by the FCA and subject to the capital requirements imposed by FCA rules. For these purposes the Partnership measures regulatory capital as the total of Members' other interests less drawings in excess of profit allocations, which amounted to £13,473,000 at 31 March 2016 (2015: £11,893,662). At 31 March 2016, and in the year then ended this exceeded the externally imposed capital requirements (2015: surplus).

#### 19. Other financial commitments and contingencies

At 31 March 2016 the Partnership had annual commitments under operating leases as set out below:

	2016 £	2015 £
<b>Operating leases which expire:</b>		
Within one year	1,013,861	1,412,841
2 – 5 years	1,643,708	1,760,083
More than 5 years	<u>771,021</u>	<u>1,173,293</u>

The lease on the premises expires on 20 February 2023.

#### 20. Related party transactions

##### **Autonomous Research Ltd**

This entity is a company incorporated in the UK and is a Member of Autonomous Research LLP.

The Partnership made payments totalling £118,598 (2015: £942,337) on behalf of this entity throughout the year. No balance was owed by this entity to or from the Partnership as at 31 March 2016 (2015: £Nil).

##### **Autonomous Research Charitable Trust**

This entity is a charitable trust company incorporated in the UK.

During the year, the Partnership donated £174,079 (2015: £176,823) to the company.

##### **Autonomous Research Investment Ltd**

This entity is a company incorporated in the UK and is a Member of Autonomous Research LLP.

The Partnership made payments totalling £500 (2015: £421) on behalf of this entity. No balance was owed by this entity to or from the Partnership as at 31 March 2016 (2015: £Nil).

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## **AUTONOMOUS RESEARCH LLP**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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#### **20. Related party transactions (continued)**

##### **Autonomous Research LP**

This entity is a company incorporated in the US and is a related party due to common control.

During the year the Partnership received £2,962,387 (2015: £2,477,205) on behalf of Autonomous Research LP for sales made by Autonomous Research LP. The Partnership raised invoices of £2,499,430 (2015: £2,039,344) for sales made by the Partnership that were received by Autonomous Research LP. The Partnership were charged expenses totalling £37,922 (2015: recharged £136,538). During the year the Partnership made payments of £621,954 (2015: £819,258) to Autonomous Research LP and received payments of £272,772 (2015: £202,695) from Autonomous Research LP. As at the statement of financial position date the Partnership owed Autonomous Research LP, £49,311 (2014 the Partnership was owed: £102,386).

##### **Autonomous Research Asia Ltd**

This entity is a company incorporated in the Hong Kong and is a related party due to common control.

During the year the Partnership received £726,456 (2015: £191,031) on behalf of Autonomous Research Asia Ltd for sales made by Autonomous Research Asia Ltd. The Partnership also recharged expenses totalling £36,676 (2015: £576,376). During the year the Partnership made payments of £662,955 (2015: £16,503) to Autonomous Research Asia Ltd and received payments of £Nil (2015: £655,039) from Autonomous Research Asia Ltd. As at the statement of financial position date the Partnership owes Autonomous Research Asia Ltd £146,535 (2014: £117,541).

##### **Autonomous Research 2 LLP**

This entity is a company incorporated in the UK and is a related party due to common control.

The Partnership made payments totalling £500 (2015: £Nil) on behalf of this entity. No balance was owed by this entity to or from the Partnership as at 31 March 2016 (2015: £Nil).

##### **Autonomous Research Investments 1 LLP**

This entity is a company incorporated in the UK and is a related party due to common control.

The Partnership made payments totalling £500 (2015: £Nil) on behalf of this entity. No balance was owed by this entity to or from the Partnership as at 31 March 2016 (2015: £Nil).

#### **21. Ultimate controlling party**

The Partnership is wholly owned by its Members.

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**22. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The company transitioned to FRS 102, previously UK GAAP, as at 1 January 2014. Accounts prepared to 31 March 2015 were prepared under previous UK GAAP.

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## **AUTONOMOUS RESEARCH LLP**

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### **UNAUDITED PILLAR 3 DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2016**

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The Capital Requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk;
- Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FCA; and
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be unlikely 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.

#### **Scope and application of the requirements**

Autonomous Research LLP ("the Partnership") is authorised and regulated by the Financial Conduct Authority and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a BiPRU firm by the FCA for capital purposes. It is an equity research boutique with an agency trading function and as such has no trading book exposures.

The Firm is not a member of a group and so is not required to prepare consolidated reporting for prudential purposes.

#### **Risk management**

The Partnership is governed by its Members who determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Partnership's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces.

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## AUTONOMOUS RESEARCH LLP

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### UNAUDITED PILLAR 3 DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2016

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The Members also determine how the risk our business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The Members' meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The Members manage the Partnership's risks through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The Members have identified that business, operational, market and credit risks are the main areas of risk to which the Firm is exposed. Annually the Members formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the Members identify material risks they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate.

#### **Regulatory capital**

The Partnership is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. The main features of the Partnership's capital resources for regulatory purposes are as follows:

Capital item	£'000
Tier 1 capital less innovative tier 1 capital	13,688
Total tier 2, innovative tier 1 and tier 3 capital	-
Deductions from tier 1 and tier 2 capital	-
Total capital resources, net of deductions	13,688

Our Partnership is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable and bank deposits in foreign currency, and credit risk from both commission receivable from clients and bank deposits. The Partnership follows the standardised approach to market risk and the simplified standard approach to credit risk. The Partnership is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

As discussed above the Partnership is a limited licence firm and as such its capital requirements are the greater of:

- Its base capital requirement of €50,000; or
- The sum of its market and credit risk requirements; or
- Its Fixed Overhead Requirement.

The sum of the firm's market and credit risk requirement currently sits well below its Fixed Overhead Requirement. It is therefore the Partnership's experience that the Fixed Overhead Requirement establishes its capital requirements.

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## **AUTONOMOUS RESEARCH LLP**

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### **REMUNERATION CODE DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2016**

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#### **Remuneration code disclosure**

Autonomous Research LLP ("the Partnership") is authorised and regulated by the Financial Conduct Authority as a BIPRU Firm and so, it is subject to FCA Rules on remuneration. These are contained in the FCA's Remuneration Code located in the SYSC Sourcebook of the FCA's Handbook. The Remuneration Code ("the RemCode") covers an individual's total remuneration, fixed and variable. The Partnership incentivises staff through a combination of the two.

Our policy is designed to ensure that we comply with the RemCode and our compensation arrangements:

1. are consistent with and promotes sound and effective risk management;
2. do not encourage excessive risk taking;
3. include measures to avoid conflicts of interest; and
4. are in line with the Partnership's business strategy, objectives, values and long-term interests.

#### **Proportionality**

Enshrined in the European remuneration provisions is the principle of proportionality. The FCA have sought to apply proportionality in the first instance by categorising firms into 3 remuneration levels. The Partnership falls within the FCA's third proportionality level and as such this disclosure is made in line with the requirements for a Level 3 Firm.

#### **Application of the requirements**

We are required to disclose certain information on at least an annual basis regarding our Remuneration policy and practices for those staff whose professional activities have a material impact on the risk profile of the partnership. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

1. Summary of information on the decision-making process used for determining the partnership's remuneration policy including use of external benchmarking consultants where relevant.
  - The Partnership's policy has been agreed by the Senior Management in line with the RemCode principles laid down by the FCA.
  - Due to the size, nature and complexity of the Partnership, we are not required to appoint an independent remuneration committee.
  - The Partnership's policy will be reviewed as part of the annual process and procedures, or following a significant change to the business requiring an update to its internal capital adequacy assessment.
  - The Partnership's ability to pay bonus is based on the performance of Partnership overall and derived after commissions and profits have been calculated.

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## AUTONOMOUS RESEARCH LLP

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### REMUNERATION CODE DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2016

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2. Summary of how the firm links between pay and performance.

- Individuals are rewarded based on their contribution to the overall strategy of the business.
- Other factors such as performance, reliability, effectiveness of controls, business development and contribution to the business are taken into account when assessing the performance of the senior staff responsible for the infrastructure of the firm.

3. Aggregate quantitative info on remuneration broken down by significant business division

Business Area	Aggregate compensation for prior fiscal year £
Equities	10,367,892
Credit	4,166,836
Other	1,539,791

4. Aggregate quantitative information on remuneration, for staff whose actions have a material impact on the risk profile of the firm.

Code Staff	Aggregate compensation for prior fiscal year £
Managing Partners	3,647,251
Partners / Employees	11,571,262

We may omit required disclosures where we believe that the information could be regarded as prejudicial to the UK or other national transposition of Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

We have made no omissions on the grounds of data protection.