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**AUTONOMOUS RESEARCH LLP**

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**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

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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 2015**

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The Members present their report and the audited financial statements of Autonomous Research LLP (the Partnership) for the ended 31 March 2015.

#### **PRINCIPAL ACTIVITY 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.

#### **RESULTS AND DISTRIBUTIONS**

During the year the Partnership achieved an operating profit of £16,683,126 (2014: £16,605,424). The Partnership's balance sheet as detailed on page 7 shows a satisfactory position; Members' total interests as at 31 March 2015 amounted to £8,765,037 (2014: £8,944,111).

#### **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.

During the year the Policy for Members' Drawings' in the Partnership Agreement was updated to reflect the decision that the amounts withdrawn by Members are now discretionary in nature and do not qualify as remuneration.

#### **DONATIONS**

During the year the Partnership made charitable donations of £176,823 (2014: £319,301) to registered UK charities.

This report was approved by the Members on 13/05/15 and signed on their behalf by:

  
.....  
**Jonathan Firkins**  
Designated Member

  
.....  
**Edward Allchin**  
Designated Member

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## **AUTONOMOUS RESEARCH LLP**

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### **MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company 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 the profit or loss of the Partnership for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership 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 2015, set out on pages 6 to 19. 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 Partnership's members in accordance with the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Partnership's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Partnership and the Partnership's members for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF MEMBERS 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 Board'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 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 Partnership's affairs as at 31 March 2015 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: 14 May 2015

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**AUTONOMOUS RESEARCH LLP**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2015**

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	Note	2015 £	2014 £
<b>TURNOVER</b>	2	<b>25,817,779</b>	<b>25,601,134</b>
Administrative expenses		<u>(9,134,653)</u>	<u>(8,995,710)</u>
<b>OPERATING PROFIT</b>		<b>16,683,126</b>	<b>16,605,424</b>
Interest receivable and similar income		<b>8,800</b>	<b>8,966</b>
Interest payable and similar charges	7	<u>(83,743)</u>	<u>(112,398)</u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<u><b>16,608,183</b></u>	<u><b>16,501,992</b></u>
<b>PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES</b>		<b>16,608,183</b>	<b>16,501,992</b>
Members' remuneration charged as an expense		<u>-</u>	<u>(3,998,700)</u>
<b>PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS</b>		<u><b>16,608,183</b></u>	<u><b>12,503,292</b></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 10 to 19 form part of these financial statements.



**AUTONOMOUS RESEARCH LLP**

**BALANCE SHEET  
AS AT 31 MARCH 2015**

	Note	£	2015 £	£	2014 £
Tangible assets	9		<b>430,101</b>		576,501
Debtors	10	<b>14,878,438</b>		6,013,157	
Cash at bank		<u><b>7,707,672</b></u>		<u>8,235,411</u>	
		<b>22,586,110</b>		14,248,568	
<b>CREDITORS:</b> amounts falling due within one year	11	<u><b>(1,560,310)</b></u>		<u>(1,931,197)</u>	
<b>NET CURRENT ASSETS</b>			<u><b>21,025,800</b></u>		<u>12,317,371</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>21,455,901</b>		12,893,872
<b>CREDITORS:</b> amounts falling due after more than one year	12	<u><b>(2,326,871)</b></u>		<u>(2,264,641)</u>	
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>			<u><b>19,129,030</b></u>		<u>10,629,231</u>
<b>REPRESENTED BY:</b>					
<b>Loans and other debts due to Members within one year</b>					
Other amounts			<b>4,948,691</b>		-
<b>Members' other interests</b>					
Members' capital classified as equity under FRS25		<b>2,497,418</b>		2,496,793	
Members' other interests - Other reserves classified as equity under FRS 25		<u><b>11,682,921</b></u>		<u>8,132,438</u>	
			<u><b>14,180,339</b></u>		<u>10,629,231</u>
			<u><b>19,129,030</b></u>		<u>10,629,231</u>

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**AUTONOMOUS RESEARCH LLP**

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**BALANCE SHEET (continued)  
AS AT 31 MARCH 2015**

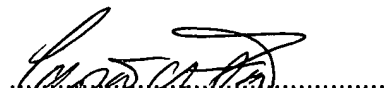
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**TOTAL MEMBERS' INTERESTS**

Amounts due from Members (included in debtors)	<b>(10,363,993)</b>	<b>(1,685,120)</b>
Loans and other debts due to Members	<b>4,948,691</b>	-
Members' other interests	<b><u>14,180,339</u></b>	<b><u>10,629,231</u></b>
14	<b><u>8,765,037</u></b>	<b><u>8,944,111</u></b>

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

  
.....  
**Jonathan Firkins**  
Designated Member  
Date: 13/05/15

  
.....  
**Edward Allenin**  
Designated Member  
Date: 13/05/15

The notes on pages 10 to 19 form part of these financial statements.

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**AUTONOMOUS RESEARCH LLP**

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**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2015**

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	Note	2015 £	2014 £
Net cash flow from operating activities	15	16,291,678	13,754,041
Returns on investments and servicing of finance	16	(74,943)	(103,432)
Capital expenditure and financial investment	16	(19,447)	(452,606)
Transactions with Members and former Members	16	(16,787,257)	(13,827,304)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(589,969)</b>	<b>(629,301)</b>
Financing	16	62,230	834,853
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b><u>(527,739)</u></b>	<b><u>205,552</u></b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2015**

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	2015 £	2014 £
(Decrease)/Increase in cash in the year	(527,739)	205,552
Cash inflow from increase in debt and lease financing	<u>(62,230)</u>	<u>(834,853)</u>
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>(589,969)</b>	<b>(629,301)</b>
Net funds at 1 April 2014	<u>5,970,770</u>	<u>6,600,071</u>
<b>NET FUNDS AT 31 MARCH 2015</b>	<b><u>5,380,801</u></b>	<b><u>5,970,770</u></b>

The notes on pages 10 to 19 form part of these financial statements.

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## AUTONOMOUS RESEARCH LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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#### 1. ACCOUNTING POLICIES

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

The accounts have been prepared in accordance with applicable accounting standards and in accordance with the Limited Liability Partnerships Act 2000, the Limited Liability Partnerships Regulations 2008 and the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (LLP SORP) issued in March 2010. The accounts have been prepared in accordance with the Companies Act 2006.

##### 1.2 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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##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

##### 1.4 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

##### 1.5 Foreign currencies

Monetary assets and liabilities 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 the transaction. Exchange differences are taken to the profit and loss account.

##### 1.6 Pensions

The entity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the entity to the fund in respect of the year.

##### 1.7 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 2015

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Members' capital

Members' capital is classified as equity in accordance with Financial Reporting Standard 25 (Financial Instruments: Presentation and Disclosure) and the LLP SORP. Repayment of Members' capital is governed by the Partnership Agreement dated 23 July 2009 and subsequently amended with the latest updated agreement being 22 August 2014.

#### 2. TURNOVER

Turnover, stated net of value added tax, represents commission receivable for services to professional and institutional investors. 44% (2014: 40%) of turnover relates to revenues received under Commission Sharing Arrangements, which are recognised on an accruals basis when confirmed by the earlier of the payer or the executing broker. 36% (2014: 37%) of turnover is direct equities trading commission, which is recognised on the confirmation of each trade with the client, being the trade / contract date. 20% (2014: 22%) 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.

#### 3. ADMINISTRATIVE EXPENSES

Administrative expenses include salaries, services fees, professional fees, audit and accountancy and foreign exchange gains and losses.

#### 4. OPERATING PROFIT

	2015 £	2014 £
Auditors' remuneration		
• Audit services - current year audit	20,000	20,000
• Other services - taxation	1,000	1,000
Depreciation – owned assets	163,597	198,462
Amortisation – owned assets	-	1,507
Net foreign exchange (gain)/losses	(137,219)	161,951
Operating lease rentals - buildings and service charge	394,959	408,231
Bloomberg and other data charges	<u>809,206</u>	<u>732,022</u>

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**5. STAFF COSTS**

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	2,335,118	2,321,768
Social security costs	283,049	295,401
Other pension costs	69,622	-
	<u>2,687,789</u>	<u>2,617,169</u>

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

	2015 No.	2014 No.
Research:	8	8
Sales - trading:	2	1
Middle / back office:	11	9
	<u>21</u>	<u>18</u>

**6. INFORMATION IN RELATION TO MEMBERS**

	2015 Number	2014 Number
The average number of Members during the year was	<u>27</u>	<u>28</u>
	£	£
The amount of profit attributable to the Member with the largest entitlement was	<u>3,449,632</u>	<u>2,800,160</u>

**7. INTEREST PAYABLE**

	2015 £	2014 £
On bank loans and overdrafts	77,257	100,053
On other loans	6,486	12,345
	<u>83,743</u>	<u>112,398</u>

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**8. INTANGIBLE FIXED ASSETS**

	Intangible assets £
<b>Cost</b>	
At 1 April 2014	61,630
Disposals	<u>(37,363)</u>
At 31 March 2015	<u>24,267</u>
<b>Amortisation</b>	
At 1 April 2014	61,630
On disposals	<u>(37,363)</u>
At 31 March 2015	<u>24,267</u>
<b>Net book value</b>	
At 31 March 2015	<u><u>-</u></u>

**9. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 April 2014	382,854	234,842	360,128	977,824
Additions	-	7,026	12,421	19,447
Disposals	<u>-</u>	<u>(28,514)</u>	<u>(27,851)</u>	<u>(56,365)</u>
At 31 March 2015	<u>382,854</u>	<u>213,354</u>	<u>344,698</u>	<u>940,906</u>
<b>Depreciation</b>				
At 1 April 2014	70,189	97,622	233,512	401,323
Charge for the year	76,571	34,751	52,275	163,597
On disposals	<u>-</u>	<u>(26,264)</u>	<u>(27,851)</u>	<u>(54,115)</u>
At 31 March 2015	<u>146,760</u>	<u>106,109</u>	<u>257,936</u>	<u>510,805</u>
<b>Net book value</b>				
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>
At 31 March 2014	<u><u>312,665</u></u>	<u><u>137,220</u></u>	<u><u>126,616</u></u>	<u><u>576,501</u></u>

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**10. DEBTORS**

	2015 £	2014 £
Trade debtors	2,836,311	2,726,390
Other debtors	604,311	629,342
Prepayments and accrued income	1,073,823	972,305
Amounts due from Members	10,363,993	1,685,120
	<u>14,878,438</u>	<u>6,013,157</u>

Included within other debtors is a collateral deposit of £140,000 (2014: £140,000) with BNP Paribas Securities Services Ltd and £67,354 (2014: £59,977) with BNP Paribas Securities Corp and £250,000 (2014: £250,000) with Pershing Securities Limited.

**11. CREDITORS:  
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	292,598	323,365
Other taxation and social security	58,563	70,752
Other creditors	135,389	243,177
Accruals and deferred income	1,073,760	1,293,903
	<u>1,560,310</u>	<u>1,931,197</u>

**12. CREDITORS:  
Amounts falling due after more than one year**

	2015 £	2014 £
Bank loans	<u>2,326,871</u>	<u>2,264,641</u>

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

	2015 £	2014 £
Amounts due to Members	<u>4,948,691</u>	<u>-</u>

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



**AUTONOMOUS RESEARCH LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

**14. RECONCILIATION OF MEMBERS' INTERESTS**

	Members' capital (classified as equity) £	Other reserves £	Total Members' other interests £	Loans and debts due to Members £	Total 2015 £	Total 2014 £
Amounts due to Members b/fwd				-		
Amounts due from Members b/fwd				(1,685,120)		
Members' interests: balance at 1 April 2014	2,496,793	8,132,438	10,629,231	(1,685,120)	8,944,111	6,269,424
Members' remuneration charged as an expense	-	-	-	-	-	3,998,700
Profit for the year available for discretionary division among Members	-	16,608,183	16,608,183	-	16,608,183	12,503,292
Members' interests after profit for the year	2,496,793	24,740,621	27,237,414	(1,685,120)	25,552,294	22,771,416
	-	(13,057,700)	(13,057,700)	13,057,700	-	-
Movement on amounts due to/from Members	-	-	-	(1,815,219)	(1,815,219)	590,370
Amounts withdrawn by Members	-	-	-	(14,829,394)	(14,829,394)	(14,328,019)
	-	-	-	(143,269)	(143,269)	(90,650)
Capital amounts introduced by Members	625	-	625	-	625	994
Members' interests at 31 March 2015	<u>2,497,418</u>	<u>11,682,921</u>	<u>14,180,339</u>	<u>(5,415,302)</u>	<u>8,765,037</u>	<u>8,944,111</u>
Amounts due to Members				4,948,691		
Amounts due from Members				(10,363,993)		
				<u>(5,415,302)</u>		

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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

The amount of profit was attributed amongst the Members in accordance with the Partnership Agreement dated 23 July 2009 and subsequently amended with the latest updated agreement being 22 August 2014.

**15. NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating profit	<b>16,683,126</b>	<b>16,605,424</b>
Depreciation of tangible fixed assets	<b>163,597</b>	<b>199,969</b>
Loss on disposal of tangible fixed assets	<b>2,250</b>	<b>-</b>
Increase in debtors	<b>(186,408)</b>	<b>(848,042)</b>
Decrease in creditors	<b>(370,887)</b>	<b>(2,203,310)</b>
<b>Net cash inflow from operating activities</b>	<b><u>16,291,678</u></b>	<b><u>13,754,041</u></b>

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**16. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	8,800	8,966
Interest paid	(83,743)	(112,398)
	<u>(74,943)</u>	<u>(103,432)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	<u>(19,447)</u>	<u>(452,606)</u>
	2015 £	2014 £
<b>Transactions with Members and former Members</b>		
Payments to Members	(14,829,395)	(14,328,019)
Contributions by Members	625	994
Contribution of loans by Members	56,731	-
Repayment of loans to Members	(200,000)	(148,542)
Loans to Members	(1,815,218)	648,263
	<u>(16,787,257)</u>	<u>(13,827,304)</u>
<b>Net cash outflow from transactions with Members and former Members</b>		
	2015 £	2014 £
<b>Financing</b>		
New secured loans	<u>62,230</u>	<u>834,853</u>

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**AUTONOMOUS RESEARCH LLP**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**17. ANALYSIS OF CHANGES IN NET FUNDS**

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand	8,235,411	(527,739)	-	7,707,672
<b>Debt:</b>				
Debts due within one year	-	(62,230)	62,230	-
Debts falling due after more than one year	(2,264,641)	-	(62,230)	(2,326,871)
<b>Net funds</b>	<u>5,970,770</u>	<u>(589,969)</u>	<u>-</u>	<u>5,380,801</u>

**18. 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 £69,622 (2014: £Nil). Contributions totalling £10,405 (2014 - £Nil) were payable to the funds at the balance sheet date and are included in other creditors.

**19. OTHER FINANCIAL COMMITMENTS AND CONTINGENCIES**

At 31 March 2015 the Partnership had annual commitments under operating leases as set out below:

Operating leases which expire:	Land and building £	Other £	2015 £	2014 £
Within one year	-	609,784	609,784	74,020
Within two to five years	402,272	400,785	803,057	1,128,612

The lease on the premises expires on 24 February 2018.

At 31 March 2015 the Partnership had the following currency forward contracts in place:

- Selling US\$750,000 at a £:\$ exchange rate of 1.5141 on 30th April 2015
- Selling US\$750,000 at a £:\$ exchange rate of 1.5141 on 29th May 2015
- Selling US\$750,000 at a £:\$ exchange rate of 1.5139 on 30th June 2015
- Selling US\$750,000 at a £:\$ exchange rate of 1.5133 on 31st July 2015
- Selling US\$750,000 at a £:\$ exchange rate of 1.5134 on 28th August 2015

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## AUTONOMOUS RESEARCH LLP

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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#### 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 £942,337 (2014: £855,008) on behalf of this entity throughout the year. No balance was owed by this entity to or from the Partnership as at 31 March 2015 (2014: £Nil).

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

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

During the year, the Partnership donated £176,823 (2014: £319,301) 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 £421 (2014: £1,186,743) on behalf of this entity. No balance was owed by this entity to or from the Partnership as at 31 March 2015 (2014: £Nil).

##### **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 £2,477,205 (2014: £2,332,383) on behalf of Autonomous Research LP for sales made by Autonomous Research LP. The Partnership raised invoices of £2,039,344 (2014: £1,179,555) for sales made by the Partnership that were received by Autonomous Research LP. The Partnership also recharged expenses totalling £136,538 (2014: £364,666). During the year the Partnership made payments of £819,258 (2014: £3,571,726) to Autonomous Research LP and received payments of £202,695 (2014: £3,990) from Autonomous Research LP. As at the balance sheet date Autonomous Research LP owed the Partnership £102,386 (2014 the Partnership owed: £212,854).

##### **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 £191,031 (2014: £Nil) on behalf of Autonomous Research Asia Ltd for sales made by Autonomous Research Asia Ltd. The Partnership also recharged expenses totalling £576,376 (2014: £14,811). During the year the Partnership made payments of £16,503 (2014: £120,838) to Autonomous Research Asia Ltd and received payments of £655,039 (2014: £Nil) from Autonomous Research Asia Ltd. As at the balance sheet date the Partnership owes Autonomous Research Asia Ltd £117,541 (2014 the Partnership was owed: £135,650).

#### 21. ULTIMATE CONTROLLING PARTY

The Partnership is wholly owned by its Members.

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## AUTONOMOUS RESEARCH LLP

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### UNAUDITED PILLAR 3 DISCLOSURES FOR THE YEAR ENDED 31 MARCH 2015

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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 2015

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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 2015**

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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 2015

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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.