

Registered number: OC371035

Alcova Asset Management LLP
Members' report and financial statements
For the year ended 31 December 2015

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Alcova Asset Management LLP

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Alcova Asset Management LLP

Information

Members

Alcova Services Limited*
B Silli
G W Assaly*
R B Hart*
W E Keplinger
(* shows Designated Members)

LLP registered number
OC371035

Registered office

4th Floor
Reading Bridge House
George Street
Reading RG1 8LS

Trading / Operating Office

21 Knightsbridge
London SW1X 7LY

Auditors

Rees Pollock
35 New Bridge Street
London EC4V 6BW

Bankers

HSBC Bank PLC
70 Pall Mall
London SW1Y 5EY

Solicitors

Schulte Roth & Zabel International LLP
1 Eagle Place
London SW1Y 6AF

Alcova Asset Management LLP

Members' report

For the year ended 31 December 2015

The members present their annual report together with the audited financial statements of Alcova Asset Management LLP ("the LLP") for the year ended 31 December 2015.

Principal activities and review of business

The principal activity of the LLP during the year was to provide investment management services. The LLP is authorised and regulated by the Financial Conduct Authority ("FCA").

The results for the year and the financial position at the end of the year were considered satisfactory by the members. The members do not anticipate any change in the nature of these activities going forward.

Financial position

The LLP's statement of financial position as detailed on page 8 shows a satisfactory position, with members' total interests amounting to £559,973 (2014: £391,384).

Designated Members

G Assaly, R B Hart and Alcova Services Limited were designated members of the LLP throughout the year.

Members' capital and interests

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the partnership agreement dated 11 October 2012.

Pillar 3

Details of the LLP's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), will be available on written request from the registered office.

Remuneration code disclosures

The remuneration code disclosures of the Partnership as required by the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") 11.5.18 and SYSC 19A – Disclosure obligations in relation to the remuneration of code staff, will be available on written request from the registered office. These disclosures are unaudited.

Principal risks and uncertainties

The principal risks or uncertainties facing the LLP are those relating to the performance of the fund which it manages. Should the funds managed by the LLP perform poorly, fee revenue will fall (and assets under management may decline too)

The LLP is not exposed to any significant price, credit, liquidity or cash flow risks.

Alcova Asset Management LLP

Members' report (continued)

For the year ended 31 December 2015

Going concern

The LLP has adequate financial resources and as a consequence, the members believe that the LLP is well placed to manage its business risks successfully.

The members are aware that the financial resource of the LLP is now more dependent on performance, as opposed to asset (management) based fees – and this introduces more variability to the financial health of the LLP. The members discuss regularly the financial resource, and have a reasonable expectation that the LLP has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the members' report and financial statements.

Statement of disclosure of information to auditors

So far as the members are aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the LLP's auditors are unaware. The members have taken all steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information.

Independent Auditors

The auditors, Rees Pollock, have indicated their willingness to continue in office. The Designated members will propose a motion re-appointing the auditors at a meeting of the members.

This report was approved by the members in April 2016 and signed on their behalf by:



R B Hart
Designated member

26 April 2016

Alcova Asset Management LLP

Members' responsibilities statement For the year ended 31 December 2015

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 LLP law, as applied to LLPs, the members must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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 LLP and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCOVA ASSET MANAGEMENT LLP

We have audited the financial statements of Alcovia Asset Management LLP for the year ended 31 December 2015, set out on pages 7 to 20. 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) including FRS102.

This report is made solely to the LLP'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 LLP'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 LLP and the LLP'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 LLP'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:

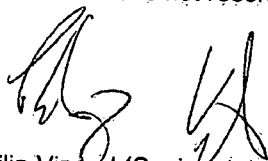
- give a true and fair view of the state of the LLP's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALCOVA ASSET MANAGEMENT LLP (CONTINUED)**

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..



Philip Vipond (Senior statutory auditor)
for and on behalf of
Rees Pollock, Statutory Auditor
26 April 2016

Alcova Asset Management LLP

Statement of comprehensive income For the year ended 31 December 2015

	<i>Note</i>	2015 £	2014 £
Turnover		1,405,075	1,334,850
Administrative expenses		(983,290)	(1,221,678)
Gain on fair value		71,358	-
Operating profit		493,143	113,172
Profit for the year before members' remuneration and profit shares available for discretionary division among members		<u>493,143</u>	<u>113,172</u>

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

All amounts relate to continuing activities.

The notes on pages 11 to 20 form part of these financial statements.

Alcova Asset Management LLP
Registered number: OC371035

Statement of financial position
As at 31 December 2015

	<i>Note</i>	2015 £	2014 £
Fixed assets			
Tangible assets	8	7,957	24,002
Investments	9	310,188	238,830
		<u>318,145</u>	<u>262,832</u>
Current assets			
Debtors: amounts falling due within one year	10	611,912	253,510
Cash at bank and in hand	11	15,743	25,245
		<u>627,655</u>	<u>278,755</u>
Creditors: amounts falling due within one year	12	(58,785)	(75,986)
Net current assets		<u>568,870</u>	<u>202,769</u>
Net assets attributable to members		<u><u>887,015</u></u>	<u><u>465,601</u></u>

Represented by:

Members' other interests

Members' capital classified as equity	580,700	390,700
Other reserves classified as equity	306,315	74,901
	<u>887,015</u>	<u>465,601</u>

Total members' interests

Amounts due from members (included in debtors)	(327,042)	(74,217)
Members' other interests	887,015	465,601
	<u>559,973</u>	<u>391,384</u>

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



R B Hart

Designated member

26 April 2016

The notes on pages 11 to 20 form part of these financial statements.

Alcova Asset Management LLP

Reconciliation of members' interests and Statement of changes in equity As at 31 December 2015

	Members' capital (Classified as equity)	Other reserves	Total members' other interests (equity)	Loans and debts due to members less any amounts due from members in debtors	Total members' interests
	£	£	£	£	£
Amounts due to members				139,711	
Amounts due from members				-	
Balance at 1 January 2014	390,700	261,729	652,429	139,711	792,140
Profit for the year available for discretionary division among members	-	113,172	113,172	-	113,172
Members' interests after Profit for the year	390,700	374,901	765,601	139,711	905,312
Allocated Profit for the year	-	(300,000)	(300,000)	300,000	-
Distributions	-	-	-	(300,000)	(300,000)
Other movements	-	-	-	(213,928)	(213,928)
Balance at 31 December 2014	390,700	74,901	465,601	(74,217)	391,384
Profit for the year available for discretionary division among members	-	493,143	493,143	-	493,143
Members' interests after Profit for the year	390,700	568,044	958,744	(74,217)	884,527
Allocated Profit for the year	-	(261,729)	(261,729)	261,729	-
Other transactions	-	-	-	77,715	77,715
Amounts withdrawn by members	-	-	-	(591,729)	(591,729)
Capital introduced by members	190,000	-	190,000	-	190,000
Balance at 31 December 2015	580,700	306,315	887,015	(327,042)	559,973
Amounts due to members				-	
Amounts due from members				(327,042)	
				(327,042)	

The notes on pages 11 to 20 form part of these financial statements.

Alcova Asset Management LLP

**Statement of cash flows
For the year ended 31 December 2015**

	2015 £	2014 £
Cash flows from operating activities		
Profit for the financial year	493,143	113,172
Adjustments for:		
Depreciation of tangible assets	15,976	18,392
Gain on fair value adjustment	(71,358)	-
Loss on disposal of fixed assets	594	-
(Increase) / decrease in debtors	(105,577)	224,995
(Decrease) / increase in creditors	(17,201)	34,401
Net cash generated from operating activities	<u>315,577</u>	<u>390,960</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(525)	(13,127)
Purchase of unlisted investments	-	(238,830)
Net cash used in investing activities	<u>(525)</u>	<u>(251,957)</u>
Cash flows from financing activities		
Distributions to members	-	(300,000)
Other transactions with members	(514,554)	(213,928)
Capital introduced by members	190,000	-
Net cash used in financing activities	<u>(324,554)</u>	<u>(513,928)</u>
Net decrease in cash and cash equivalents	(9,502)	(374,925)
Cash and cash equivalents at beginning of year	<u>25,245</u>	<u>400,170</u>
Cash and cash equivalents at the end of year	<u>15,743</u>	<u>25,245</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>15,743</u>	<u>25,245</u>

Alcova Asset Management LLP

Notes to the financial statements For the year ended 31 December 2015

1. General information

Alcova Asset Management LLP is a limited liability partnership incorporated and domiciled in England and Wales. The address of the registered office is 4th Floor, Reading Bridge House, George Street, Reading, Berkshire, RG1 8LS.

2. Accounting policies

2.1 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".

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 3).

The transition to FRS 102 has not resulted in any material changes to members' interest previously reported at 31 December 2014, or 1 January 2014, being the date of transition, nor has it resulted in any changes to the loss previously reported for the year ended 31 December 2014.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover, which is stated net of value added tax, represents fees receivable for investment management services provided during the year, recognised when the LLP obtains the right for consideration in exchange for its performance. Turnover arises from continuing activities in the UK.

Alcova Asset Management LLP

Notes to the financial statements (continued) **For the year ended 31 December 2015**

2. Accounting policies (continued)

2.3 Tangible assets

Tangible 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.

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. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Leasehold improvements	-	over the term of the lease
Furniture and fixtures	- 3	years straight line
Office equipment	- 3	years straight line

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.

2.4 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the period of the lease.

2.5 Valuation of investments

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Income statement for the period.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.8 Financial instruments

The LLP has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The basis for recognition and measurement of financial instruments is as set out in these accounting policies.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements 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.

2.9 Creditors

Short term creditors are measured at the transaction price.

Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The LLP's functional and presentational currency is British Pound Sterling.

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 Income statement.

2.11 Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any taxation liabilities arising out of their interest in the LLP. Taxation is assessed on the individual members and not on the LLP.

Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, 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.

(a) Critical judgments in applying the entity's accounting policies

The members have not been required to use a significant degree of judgment in determining the timing and value of amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions

The members have not been required to make any significant estimates and assumptions concerning the future.

4. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Operating lease payments	51,809	51,625
Depreciation of tangible fixed assets	15,976	18,392
Exchange differences	<u>(4,947)</u>	<u>5,055</u>

5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual financial statements	<u>10,000</u>	<u>6,000</u>

Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

6. Employees

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	171,363	156,840
Social security costs	18,313	16,712
	<u>189,676</u>	<u>173,552</u>

The average monthly number of persons (including members with contracts of employment) employed during the year was as follows:

2015 No.	2014 No.
<u>3</u>	<u>3</u>

7. Information in relation to members

	2015 No.	2014 No.
The average number of members during the year was	<u>5</u>	<u>5</u>
	£	£

The amount of profit attributable to the member with the largest entitlement was

<u>261,729</u>	<u>100,000</u>
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Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

8. Tangible fixed assets

	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Office equipment</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 January 2015	28,422	14,546	44,881	87,849
Additions	-	-	525	525
Disposals	-	-	(763)	(763)
At 31 December 2015	28,422	14,546	44,643	87,611
Depreciation				
At 1 January 2015	28,422	10,470	24,955	63,847
Disposals	-	-	(169)	(169)
Charge for the period	-	3,011	12,965	15,976
At 31 December 2015	28,422	13,481	37,751	79,654
Net Book Value				
At 31 December 2015	-	1,065	6,892	7,957
At 31 December 2014	-	4,076	19,926	24,002

Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

9. Fixed asset investments

	<i>Unlisted investments</i>
	£
Cost or valuation	
At 1 January 2015	238,830
Fair value movements	71,358
At 31 December 2015	<u>310,188</u>
At 31 December 2014	<u>238,830</u>

During the prior year, the LLP made an investment in the Alcova Mosaic Master Fund. The investment of £238,830, made 2 June 2014, represents the LLP's 3.4% holding in the Alcova Mosaic Master Fund. The voting rights are not proportionate.

The basis for determining the valuation of the investment, is derived from the trading price supplied by the fund administrators.

10. Debtors

	2015 £	2014 £
Amounts owed by Alcova Asset Management (Cayman) Ltd	-	5,158
Other debtors	68,748	60,922
Prepayments and accrued income	216,122	113,213
Amounts due from members	327,042	74,217
	<u>611,912</u>	<u>253,510</u>

Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

11. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	<u>15,743</u>	<u>25,245</u>

12. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	11,495	34,411
Amounts due to Alcova Asset Management (Cayman) Ltd	17,742	-
Taxation and social security	744	5,740
Other creditors	-	45
Accruals	<u>28,804</u>	<u>35,790</u>
	<u>58,785</u>	<u>75,986</u>

13. Financial instruments

	2015 £	2014 £
Financial assets		
Financial assets measured at fair value through profit or loss	310,188	238,830
Financial assets that are debt instruments measured at amortised cost	<u>250,290</u>	<u>118,245</u>
	<u>560,478</u>	<u>357,075</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(58,041)</u>	<u>(70,246)</u>
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Financial assets measured at amortised cost comprise debtors due within one year disclosed in note 10 excluding prepayments.

Financial Liabilities measured at amortised cost comprise creditors due within one year disclosed in note 12 excluding taxation and social security.

Alcova Asset Management LLP

Notes to the financial statements (continued) For the year ended 31 December 2015

14. Commitments under operating leases

At 31 December 2015 the LLP had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Payable:		
Not later than 1 year	51,625	51,625
Later than 1 year and not later than 5 years	24,752	76,377
Total	<u>76,377</u>	<u>128,002</u>

15. Related party transactions

During the year, Alcova Services Limited ("the Company"), a member of the LLP, recharged expenses of £187,713 to the LLP (2014 - £400,394). During the year, the Company received a profit allocation of £261,729 (2014: £nil). As at 31 December 2015 a balance of £2,958 was due to the Company (2014 - £74,217 the Company owed the LLP).

The LLP has paid expenses on behalf of Alcova Asset Management (Cayman) Limited ("Alcova Cayman"), an entity under the control of G W Assaly. Alcova Cayman also recharged expenses of £11,171 (2014: £nil) to the LLP during the year. As at 31 December 2015 a balance of £17,742 was due to Alcova Cayman from the LLP (2014: £5,158 due to the LLP). Included within turnover is £1,320,512 (2014: 1,334,850) receivable from Alcova Cayman, and £181,542 (2014: £52,165) is due from Alcova Cayman at the year-end in respect of these fees and included within accrued income in note 10.

16. Controlling party

The ultimate controlling party is G W Assaly.