

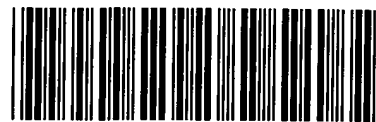
Registered number: OC371035

Alcova Asset Management LLP

Members' report and financial statements

For the year ended 31 December 2014

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Alcova Asset Management LLP

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The following pages do not form part of the statutory financial statements:

Alcova Asset Management LLP

Administrative information

Members

G Assaly
R B Hart
W Keplinger
B Silli
Alcova Services Limited

LLP registered number

OC371035

Registered office

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

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
Heathcoat House
20 Savile Row
London
W1S 3PR

Alcova Asset Management LLP

Members' report For the year ended 31 December 2014.

The members present their report and the audited financial statements of Alcova Asset Management LLP (the "LLP") for the ended 31 December 2014.

Principal activity and review of the 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.

Results and allocations to members

Profit for the year before members remuneration and share was £113,172 (2013: £849,717) as shown on page 6.

Any profits or losses are shared amongst the members as decided by the executive committee and governed by the partnership agreement dated 11 October 2012.

Financial position

The LLP's balance sheet as detailed on page 7 shows a satisfactory position, with members' total interests amounting to £391,384 (2013: £792,140).

Policy for members' drawings, subscriptions and repayments of members' capital

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

Members

The members of the LLP during the year and up to the date of this report were as follows:

G Assaly*
R B Hart*
W Keplinger
B Silli
Alcova Services Limited*

* Denotes designated members.

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.

Alcova Asset Management LLP

Members' report (continued) For the year ended 31 December 2014

Principal risks and uncertainties

The principal risks or uncertainties facing the LLP are those relating to market and competition risks. Should the funds managed by the LLP perform poorly relative to its competitors the assets under management may decline and revenues fall.

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

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.

Auditors

The auditors, Rees Pollock have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the members' meeting to approve these financial statements.

This report was approved by the members on 27 April 2015 and signed on their behalf by:



R B Hart
Designated member

Alcova Asset Management LLP

Statement of designated members' responsibilities For the year ended 31 December 2014

The designated members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulations.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the designated members to prepare financial statements for each financial period. Under that law the designated members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Regulation 8 of the Regulations, the designated members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and the profit or loss of the LLP for that period.

In preparing these financial statements, the designated 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 LLP will continue in business.

The designated members confirm that they have complied with the above requirements in preparing the financial statements.

Under Regulation 6 of the Regulations, the designated members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the regulations.. 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 AUDITOR'S 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 2014, set out on pages 6 to 15. 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 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

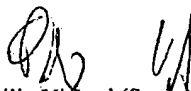
In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2014 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.

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
27 April 2015

Alcova Asset Management LLP

Profit and loss account
For the year ended 31 December 2014

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
Turnover	1	1,334,850	1,891,185
Administrative expenses		(1,221,678)	(1,041,468)
Operating profit	2	<u>113,172</u>	<u>849,717</u>
Profit for the financial year available for discretionary division among members	3	<u>113,172</u>	<u>849,717</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.


The notes on pages 9 to 15 form part of these financial statements.

Alcova Asset Management LLP
Registered number: OC371035

Balance sheet
As at 31 December 2014

	<i>Note</i>	<i>£</i>	<i>2014</i> <i>£</i>	<i>£</i>	<i>2013</i> <i>£</i>
Fixed assets					
Tangible fixed assets	5		24,002		29,267
Investments	6		238,830		-
			<u>262,832</u>		<u>29,267</u>
Current assets					
Debtors	7	253,510		404,288	
Cash at bank		25,245		400,170	
		<u>278,755</u>		<u>804,458</u>	
Creditors: amounts falling due within one year	8	<u>(75,986)</u>		<u>(41,585)</u>	
Net current assets			<u>202,769</u>		<u>762,873</u>
Net assets attributable to members			<u>465,601</u>		<u>792,140</u>
Represented by:					
Loans and other debts due to members					
Other amounts	9		-		139,711
Members' other interests					
Members' capital classified as equity	9	390,700		390,700	
Other reserves	9	<u>74,901</u>		<u>261,729</u>	
			<u>465,601</u>		<u>652,429</u>
			<u>465,601</u>		<u>792,140</u>
Total members' interests					
Amounts due from members	9		(74,217)		-
Amounts due to members	9		-		139,711
Members' other interests	9		<u>465,601</u>		<u>652,429</u>
			<u>391,384</u>		<u>792,140</u>

The financial statements were approved by the members on 27 April 2015 and were signed on their behalf by:


R.B. Hart
 Designated member

The notes on pages 9 to 15 form part of these financial statements.

Alcova Asset Management LLP

Cash flow statement
For the year ended 31 December 2014

	<i>Note.</i>	<i>2014</i> £	<i>2013</i> £
Net cash inflow from operating activities	10	390,960	551,362
Capital expenditure and financial investment	10	(251,957)	(13,171)
Transactions with members	10	(513,928)	(508,371)
(Decrease)/increase in cash in the year	10	(374,925)	29,820

Reconciliation of net cash flow to movement in net funds/debt
For the year ended 31 December 2014

		<i>2014</i> £	<i>2013</i> £
(Decrease)/increase in cash in the year		(374,925)	29,820
Movement in net funds in the year	10	(374,925)	29,820
Net funds brought forward		400,170	370,350
Net funds carried forward		25,245	400,170

The notes on pages 9 to 15 form part of these financial statements.

Alcova Asset Management LLP

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with applicable UK accounting standards, and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010. The principal accounting policies are set out below and have been consistently applied throughout the year.

Turnover and revenue recognition

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.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at historical cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

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

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Expenses

Expenses incurred have been recognised on an accruals basis.

Operating leases

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated 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.

Alcova Asset Management LLP

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies (continued)

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.

Members' remuneration and members' capital

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

2. Operating profit

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the LLP	18,392	30,407
Auditors' remuneration - fees payable to auditor for audit of financial statements	6,000	10,000
Operating lease rentals: - other operating leases	51,625	51,625
Foreign exchange losses	5,055	30,644
	<u>71,072</u>	<u>122,676</u>

3. Members remuneration

	2014 £	2013 £
Profit for the financial year before members' remuneration and profit share	<u>113,172</u>	<u>849,717</u>
Profit for the financial year available for discretionary division among members	<u>113,172</u>	<u>849,717</u>
Profit attributable to the member with the largest entitlement	<u>100,000</u>	<u>151,000</u>

The average number of members during the year was 5 (2013: 5).

Alcova Asset Management LLP

Notes to the financial statements For the year ended 31 December 2014

4. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	156,840	71,021
Social security costs	16,712	8,655
	<u>173,552</u>	<u>79,676</u>

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

2014 No.	2013 No.
<u>3</u>	<u>1</u>

5. Tangible fixed assets

	Office equipment £	Furniture and fixtures £	Leasehold improvements £	Total £
Cost				
At 1 January 2014	33,273	13,027	28,422	74,722
Additions	11,608	1,519	-	13,127
At 31 December 2014	<u>44,881</u>	<u>14,546</u>	<u>28,422</u>	<u>87,849</u>
Depreciation				
At 1 January 2014	11,243	5,790	28,422	45,455
Charge for the year	13,712	4,680	-	18,392
At 31 December 2014	<u>24,955</u>	<u>10,470</u>	<u>28,422</u>	<u>63,847</u>
Net book value				
At 31 December 2014	<u>19,926</u>	<u>4,076</u>	<u>-</u>	<u>24,002</u>
At 31 December 2013	<u>22,030</u>	<u>7,237</u>	<u>-</u>	<u>29,267</u>

Alcova Asset Management LLP

Notes to the financial statements For the year ended 31 December 2014

6. Fixed asset investments

	<i>Unlisted investments</i> £
Cost or valuation	
At 1 January 2014	-
Additions	238,830
At 31 December 2014	<u>238,830</u>

During the 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.

7. Debtors

	<i>2014</i> £	<i>2013</i> £
Amounts due from Alcova Asset Management (Cayman) Ltd	5,158	3,861
Other debtors	60,922	37,012
Prepayments and accrued income	113,213	363,415
Amounts due from members	74,217	-
	<u>253,510</u>	<u>404,288</u>

8. Creditors: amounts falling due within one year

	<i>2014</i> £	<i>2013</i> £
Trade creditors	34,411	15,005
Other taxation and social security	5,740	4,168
Other creditors	45	-
Accruals	35,790	22,412
	<u>75,986</u>	<u>41,585</u>

Alcová Asset Management LLP

Notes to the financial statements For the year ended 31 December 2014

9. Reconciliation of members' interests

	<i>Members' capital (classified as equity)</i>	<i>Other reserves</i>	<i>Total members' other interests</i>	<i>Loans and other debts due to/(from) members</i>	<i>Total members' interests</i>
	£	£	£	£	£
Amounts due to members b/fwd				139,711	
Amounts due from members b/fwd				-	
Members' interests at 1 January 2014	390,700	261,729	652,429	139,711	792,140
Profit for the financial year	-	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 year	-	(300,000)	(300,000)	300,000	-
Other movements	-	-	-	(213,928)	(213,928)
Distributions	-	-	-	(300,000)	(300,000)
Members' interests at 31 December 2014	390,700	74,901	465,601	(74,217)	391,384
Amounts due to members				-	
Amounts due from members				(74,217)	
				(74,217)	

Alcova Asset Management LLP

Notes to the financial statements For the year ended 31 December 2014

10. Notes to the cash flow statement

	2014 £	2013 £
Operating profit	113,172	849,717
Depreciation charges	18,392	30,407
Decrease/(increase) in debtors	224,995	(317,295)
Increase/(decrease) in creditors	34,401	(11,467)
Net cash inflow from operating activities	390,960	551,362

Analysis of cash flows for headings netted in cash flow statement

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(13,127)	(13,171)
Purchase of unlisted investments	(238,830)	-
Net cash outflow from capital expenditure	(251,957)	(13,171)

	2014 £	2013 £
Transactions with members		
Distributions to members	(300,000)	(450,998)
Other transactions with members	(213,928)	(77,373)
Contributions by members	-	20,000
Net cash outflow from transactions with members	(513,928)	(508,371)

Analysis of changes in net funds

	1 January 2014 £	Cash flow £	31 December 2014 £
Cash at bank and in hand	400,170	(374,925)	25,245
Net funds	400,170	(374,925)	25,245

Alcova Asset Management LLP

Notes to the financial statements For the year ended 31 December 2014

11. Operating lease commitments

At 31 December 2014, the LLP had an annual commitment under a cancellable operating lease as set out below:

	<i>Land and buildings</i>	
	<i>2014</i>	<i>2013</i>
	£	£
Expiry date:		
Within 1 year	51,625	51,625

12. Related party transactions

During prior periods, G Assaly, a member of the LLP, provided funding to the LLP. During the year, the LLP made net repayment to G Assaly of £94,563 (2013: £197,254). As at 31 December 2014 the outstanding balance on this account amounted to £nil (2013: £94,563).

During the year, Alcova Services Limited ("the Company"), a member of the LLP, recharged expenses of £400,394 to the LLP (2013: £364,825). As at 31 December 2014 a balance of £74,217 was due from the Company (2013: £45,148 payable to the Company).

During the current and prior periods, the LLP incurred expenses on behalf of Alcova Asset Management (Cayman) Limited, an entity under the control of G Assaly. As at 31 December 2014 a balance of £5,158 was still outstanding (2013: £3,861).

13. Controlling party

The ultimate controlling party is G Assaly.