
STONEHEDGE PARTNERS LLP

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



STONEHEDGE PARTNERS LLP

INFORMATION

Designated Members

Walid Georges Bejani Saouma
Christophe Louis Jacques Cornaire

LLP registered number

OC379702

Registered office

17 - 19 Maddox Street
London
W1S 2QH

Independent auditors

Berg Kaprow Lewis LLP
Chartered Accountants
Statutory Auditor
35 Ballards Lane
London
N3 1XW

STONEHEDGE PARTNERS LLP

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

The members present their annual report together with the audited financial statements of Stonehedge Partners LLP (the 'LLP') for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the LLP is the provision of investment services, being advice, order, execution and matched principal broking to professional clients. The LLP is authorised and regulated by the Financial Conduct Authority (FCA).

DESIGNATED MEMBERS

The designated members of the LLP during the year were Walid Georges Bejani Saouma and Christophe Louis Jacques Cornaire.

MEMBERS' CAPITAL AND INTERESTS

Each member's subscription to the capital of the LLP is determined by the designated members and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 December 2016 are set out in the Reconciliation of Members' Interests.

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 in accordance with the underlying methodology in the LLP agreement. 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, subject to the cash requirements of the business.

MEMBERS' RESPONSIBILITIES STATEMENT

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations and in accordance with United Kingdom Generally Accepted Accounting Practice.

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' ("FRS 102"). 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and

STONEHEDGE PARTNERS LLP

**MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016**

enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the member is aware, there is no relevant audit information of which the LLP's auditors are unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

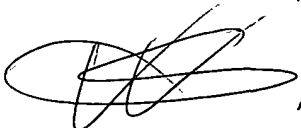
POST BALANCE SHEET EVENTS

There have been no significant events affecting the LLP since the year-end.

AUDITORS

The auditor, Berg Kaprow Lewis LLP, has indicated its willingness to continue in office. The Designated members will propose a motion re-appointing the auditor at a meeting of the members.

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



Walid Georges Bejani Saouma
Designated member

Date: 20 April 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONEHEDGE PARTNERS LLP

We have audited the financial statements of Stonehedge Partners LLP for the year ended 31 December 2016, set out on pages 5 to 18. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the LLP's members in accordance with Chapter 3 of Part 16 of 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 Financial Reporting Council'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 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STONEHEDGE PARTNERS 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.

Berg Kaprow Lewis LLP.

Michael Wedge ACA (Senior Statutory Auditor)

for and on behalf of

Berg Kaprow Lewis LLP

Chartered Accountants
Statutory Auditor

London

Date: *20 April 2017*

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	5,489,656	1,985,399
Cost of sales		(4,587,052)	(1,481,114)
Gross profit		902,604	504,285
Administrative expenses		(509,997)	(648,201)
Operating profit/(loss)	5	392,607	(143,916)
Interest payable and similar charges	8	(9,800)	(19,841)
Profit/(loss) for the year before members' remuneration and profit shares		382,807	(163,757)
Profit/(loss) for the year before members' remuneration and profit shares		382,807	(163,757)
Members' remuneration charged as an expense		(382,807)	-
Profit/(loss) for the financial year available for discretionary division among members		-	(163,757)

There was no other comprehensive income for 2016 (2015: £NIL).

The notes on pages 10 to 18 form part of these financial statements.

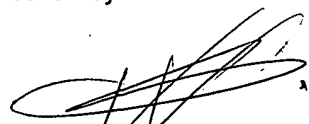
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	7,476	11,706
		<u>7,476</u>	<u>11,706</u>
Current assets			
Debtors: amounts falling due after more than one year	10	42,090	42,090
Debtors: amounts falling due within one year	10	358,286	232,321
Cash at bank and in hand	11	543,690	280,078
		<u>944,066</u>	<u>554,489</u>
Creditors: amounts falling due within one year	12	(784,486)	(472,184)
Net current assets		<u>159,580</u>	<u>82,305</u>
Total assets less current liabilities		<u>167,056</u>	<u>94,011</u>
Net assets attributable to members		<u><u>167,056</u></u>	<u><u>94,011</u></u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability	14	47,768	257,768
Other amounts	14	119,288	-
		<u>167,056</u>	<u>257,768</u>
Members' other interests			
Other reserves classified as equity		-	(163,757)
		<u>-</u>	<u>(163,757)</u>
		<u>167,056</u>	<u>94,011</u>
Total members' interests			
Loans and other debts due to members	14	167,056	257,768
Members' other interests		-	(163,757)
		<u>167,056</u>	<u>94,011</u>

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



Walid Georges Bejani Saouma
Designated member

Date: 20 April 2017

The notes on pages 10 to 18 form part of these financial statements.

STONEHEDGE PARTNERS LLP

**RECONCILIATION OF MEMBERS' INTERESTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	EQUITY Members' other interests	DEBT Loans and other debts due to members less any amounts due from members in debtors			Total members' interests
	Other reserves £	Members' capital (classified as debt) £	Other amounts £	Total £	Total £
Balance at 1 January 2015	-	70,000	32,788	102,788	102,788
Loss for the year available for discretionary division among members	(163,757)	-	-	-	(163,757)
Members' Interests after loss for the year	(163,757)	70,000	32,788	102,788	(60,969)
Amounts introduced by members	-	257,768	-	257,768	257,768
Repayment of capital	-	(70,000)	-	(70,000)	(70,000)
Drawings	-	-	(121,366)	(121,366)	(121,366)
Repayment of debt	-	-	88,578	88,578	88,578
Amounts due to members		257,768	-	257,768	
Balance at 31 December 2015	(163,757)	257,768	-	257,768	94,011
Members' interest after profit for the year	(163,757)	257,768	-	257,768	94,011
Members' remuneration as an expense	-	-	382,807	382,807	382,807
Movement in reserves	163,757	-	-	-	163,757
Repayment of capital	-	(210,000)	-	(210,000)	(210,000)
Transfer	-	-	(163,757)	(163,757)	(163,757)
Drawings	-	-	(99,762)	(99,762)	(99,762)
Amounts due to members		47,768	119,288	167,056	
Balance at 31 December 2016	-	47,768	119,288	167,056	167,056

There are no existing restrictions or limitations which impact the ability of the members of the LLP to reduce the amount of Members' other interests.

STONEHEDGE PARTNERS LLP

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

	2016 £	2015 £
Cash flows from operating activities		
Profit/(Loss) for the financial year	382,807	(163,757)
Adjustments for:		
Depreciation of tangible assets	11,310	9,488
Interest paid	9,800	19,841
Increase in debtors	(125,967)	(82,029)
Increase in creditors	102,304	182,741
Net cash generated from/(used in) operating activities	380,254	(33,716)
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,080)	(1,754)
Net cash used in investing activities	(7,080)	(1,754)
Cash flows from financing activities		
Other new loans	210,000	60,000
Interest paid	(9,800)	(19,841)
Contribution of capital by members	-	257,768
Payments to members	(99,762)	(121,366)
Other amount withdrawn by member	(210,000)	(47,768)
Irrecoverable amount from former member	-	66,346
Net cash (used in)/generated from financing activities	(109,562)	195,139
Net increase in cash and cash equivalents	263,612	159,669
Cash and cash equivalents at beginning of year	280,078	120,409
Cash and cash equivalents at the end of year	543,690	280,078
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	543,690	280,078
	543,690	280,078

The notes on pages 10 to 18 form part of these financial statements.

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

1. General information

Stonehedge Partners LLP (the LLP) provides brokerage and investment advisory services. The LLP is a Limited Liability Partnership and is incorporated in England and Wales. The Registered Office is 17-19 Maddox Street, London W1S 2QH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102"), 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 judgement in applying the LLP's accounting policies. The areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the LLP and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue in respect of investment advisory services is recognised on completion of the advice.

Brokerage commissions are recognised at the time the relevant trade is executed.

2.3 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The LLP 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 LLP. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to Statement of Comprehensive Income during the period in which they are incurred.

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

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

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:

Office equipment	-	25% straight line
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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 in the Statement of Comprehensive Income.

2.4 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.5 Transfer of members' interests

During the year £(163,757) was transferred from members' capital interests to debts due to members.

2.6 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The LLP only enters into basic financial instruments that result in the recognition of financial assets and liabilities.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

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

2. Accounting policies (continued)**2.7 Financial instruments (continued)**

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and accruals are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.8 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

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

2. Accounting policies (continued)

2.9 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

3. Judgements 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. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements have had the most significant effect on amounts recognised in the financial statements.

(i) Useful economic lives of tangible 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 utilisation and the physical condition of the assets. See note 9 for the carrying amount of office equipment, and note 2.3 for the useful economic life.

(ii) Debtors

The LLP makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors.

There are no judgements involving the use of estimates.

4. Turnover

The whole of the turnover is attributable to brokerage and investment advisory services.

All turnover arose within the United Kingdom.

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

5. Operating profit/(loss)

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

	2016 £	2015 £
Depreciation of tangible fixed assets	11,310	9,488
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual financial statements	11,250	10,500
- Other non-audit services to the LLP	6,737	4,569
- Taxation compliance services	2,500	2,500
Exchange differences	(25,533)	(654)
Other operating lease rentals	63,330	62,110
	<u>110,613</u>	<u>146,731</u>

6. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	102,049	134,529
Social security costs	8,564	12,202
	<u>110,613</u>	<u>146,731</u>

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

	2016 No.	2015 No.
	<u>2</u>	<u>4</u>

STONEHEDGE PARTNERS LLP

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

7. Information in relation to members

	2016 Number	2015 Number
The average number of members during the year was	<u>2</u>	<u>3</u>
	2016 £	2015 £
The average members remuneration during the year was	<u>191,404</u>	<u>-</u>
Paid under the terms of the LLP agreement	<u>382,807</u>	<u>-</u>
	<u>382,807</u>	<u>-</u>
The amount of profit attributable to the member with the largest entitlement was	<u>352,807</u>	<u>-</u>

8. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	-	1
Other loan interest payable	9,800	19,840
	<u>9,800</u>	<u>19,841</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

9. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2016	38,637
Additions	7,080
At 31 December 2016	45,717
Depreciation	
At 1 January 2016	26,931
Charge for the year	11,310
At 31 December 2016	38,241
Net book value	
At 31 December 2016	7,476
At 31 December 2015	11,706

10. Debtors

	2016 £	2015 £
Due after more than one year		
Other debtors	42,090	42,090
	42,090	42,090
Due within one year		
Trade debtors	219,511	46,521
Other debtors	99,519	42,117
Prepayments and accrued income	39,256	143,683
	358,286	232,321

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	543,690	280,078
	<u>543,690</u>	<u>280,078</u>

12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Other loans	270,000	60,000
Trade creditors	187,643	143,639
Other taxation and social security	-	1,250
Other creditors	63,866	19,349
Accruals and deferred income	262,977	247,944
	<u>784,486</u>	<u>472,182</u>

13. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	897,980	499,019
	<u>897,980</u>	<u>499,019</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(784,486)	(470,933)
	<u>(784,486)</u>	<u>(470,933)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise other loans, trade creditors, other creditors and accruals.

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

14. Loans and other debts due to members

	2016 £	2015 £
Member capital treated as debt	47,768	257,768
Amounts due to members	119,288	-
	<u>167,056</u>	<u>257,768</u>

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

15. Commitments under operating leases

At 31 December 2016 the LLP had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	70,150	58,458
Later than 1 year and not later than 5 years	20,460	90,610
	<u>90,610</u>	<u>149,068</u>

16. Related party transactions

The LLP is controlled by the designated members. Transactions with these members during the year, and balances at the year end were as follows:

	2016 £	2015 £
Amounts due to members	167,056	257,768
Profit allocated in the year	382,807	-
Amounts withdrawn	(99,762)	(121,366)
Amounts introduced	-	257,768
Capital repaid	(210,000)	(70,000)

17. Controlling party

The ultimate controlling party is Walid Georges Bejani Saouma.

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

18. PILLAR 3 DISCLOSURE**Background**

The Capital Requirements Directive ('the Directive') of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. In the United Kingdom, this is being implemented by our regulator, the Financial Conduct Authority ('FCA') who has created new rules and guidance specifically through the creation of the General Prudential Source book ('GENPRU') and the Prudential Source book for Banks, Building Societies and Investment Firms ('BIPRU'). The FCA framework consists of three 'Pillars': Pillar 1 sets out the minimum capital requirements that we need to retain to meet our credit, market and operational risk; Pillar 2 requires us, and the FCA, to take a view on whether we need to hold additional capital against firm-specific risks not covered by Pillar 1; and Pillar 3 requires us to develop a set of disclosures which will allow market participants to assess key information about our underlying risks, risk management controls and capital position. The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This must be done in accordance with a formal disclosure document. The disclosure of this document meets our obligation with respect to Pillar 3. The rules provide that we may omit one or more of the required disclosures if we believe that the information is immaterial. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Where we have considered a disclosure to be immaterial, we have stated this in the document. In addition, we may also omit one or more of the 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. Where we have omitted information for either of these two reasons we have stated this in the relevant section and the reasons for this.

Scope and application of the requirements

The Firm is authorised and regulated by the FCA and has permission to provide investment services (advice, order execution & matched principal broking) to professional clients.

Risk management

The Members determine the firm's business strategy and risk appetite along with designing and implementing a risk management framework that recognizes the risks that the business faces. They also determine how those risks 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 and regulatory capital management, business planning and risk management. The Members manage the Firm'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 Firm follows the standardised approach to market risk and the simplified standard approach to credit risk.

Capital Requirements Directive Pillar 3 disclosure

As at 31 December 2016, the firm's Pillar 1 requirement was £90,000 and Pillar 2 requirement was £90,000.

The firm is a limited licence firm and as such its capital requirement is the greater of: Base capital requirement of €50,000; or the sum of its market, and credit risk requirement or fixed overhead requirement; or its Internal Capital Adequacy Assessment Process (Pillar II) requirement. The firm has not omitted any disclosures on the grounds of confidentiality. At the year end the firm's overhead requirement is £62,000, market risk £5,000, credit risk £10,000.

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

Disclosures: Remuneration

During the year the members reviewed the drawings policy in light of the rules and guidance contained in the FCA Remuneration Code ("the Code"). The Code itself implements remuneration rules required by the Capital Requirements Directive ("CRD 3") and the Financial Services Act 2012. The proportionality principle contained in the Code rules requires the firm to comply with the Code only in a way and to the extent that is appropriate to its size, internal organization and the nature, the scope and the complexities of its activities. The Firm falls within the lowest level of Code categorization (Level Three Firm), which means that it is not required to comply with some of the prescriptive rules set out in the Code. In fixing the remuneration packages for current and future financial years the Member's have the following in mind:

- The need to attract, retain and motivate Members of the quality required
- What comparable firms are paying, taking into account relative performance; and
- Pay and employment conditions elsewhere in the firm. At present the Members receive a monthly draw plus a percentage of the LLPs profits as determined by the LLP agreement.

The FCA defines Remuneration Code Staff ("Code Staff") in SYSC 19A.3.4 as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as those detailed above, whose professional activities have a material impact on the firm's risk profile.

Application

Based on the Firm's profile we have adopted a proportioned approach to our remuneration policy. We have considered our individual needs on an ongoing basis and where appropriate applied certain provisions in accordance with FCA and CEBS/EBA guidance. The Managing Member will review any provisions which have been applied on at least an annual basis, to ensure that it continues to be appropriate. Due to the size of the Firm, we do not consider it appropriate to have a separate remuneration committee. Instead this function is undertaken by the Managing Board. This will be kept under review and should the need arise the Firm will consider amending this arrangement to provide greater independent review. The Managing Member makes final decisions

The LLP Agreement for the Firm is set out to ensure the Drawings policy is developed to align with its risk tolerance. No external consultants assisted in this review. Any person with a question regarding the policy or disclosures made under this policy should refer to the Managing Member who is Mr Walid Bejani.

The pay and benefits of Members is determined by Managing Board, taking into account his performance and market conditions.

The Member's drawings and profit share will be reviewed annually and when a change of responsibility occurs.

To comply with the FCA disclosure requirement BIRPU 11.5.18 R (6) and (7), we disclose, as per the audited accounts of the Firm, the total Member's drawings and profit share, which, for the year ended 31 December 2016 was £99,762 and £382,807.