Limited Liability Partnership Registration No. OC388541 (England and Wales)

PERENNA CAPITAL MANAGEMENT LLP

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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PERENNA CAPITAL MANAGEMENT LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	Ms G Davies Mr W Verbeek Mr H Peacocke
Limited liability partnership number	OC388541
Registered office	66 Prescot Street London E1 8NN
Accountants	Carter Backer Winter LLP 66 Prescot Street London E1 8NN

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PERENNA CAPITAL MANAGEMENT LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The members present their annual report and financial statements for the year ended 31 March 2018.

Principal activities
The limited liability partnership has not traded during the period. It is intended that the principal activity will be that of managing an Alternative Investment Fund.

Members' drawings, contributions and repayments
The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Designated members
The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Ms G Davies
Mr W Verbeek
Mr H Peacocke

Statement of members' responsibilities
The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 limited liability partnership and of the profit or loss of the limited liability partnership 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions relating to small Limited Liability Partnerships within Part 15 of the Companies Act 2006.

On behalf of the members

Ms G Davies
Designated Member

14 June 2018

PERENNA CAPITAL MANAGEMENT LLP

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Current assets					
Cash at bank and in hand		151,293		151,079	
Net current assets			151,293		151,079
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits			1,293		1,079
Members' other interests					
Members' capital classified as equity			150,000		150,000
			151,293		151,079
Total members' interests					
Loans and other debts due to members			1,293		1,079
Members' other interests			150,000		150,000
			151,293		151,079

The members of the limited liability partnership have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 March 2018 the limited liability partnership was entitled to exemption from audit under section 477 of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008).

The members acknowledge their responsibilities for complying with the requirements of the Act (as applied to limited liability partnerships) with respect to accounting records and the preparation of accounts.

The financial statements were approved by the members and authorised for issue on 14 June 2018 and are signed on their behalf by:

Ms G Davies
Designated member

Limited Liability Partnership Registration No. OC388541

1 Accounting policies

Limited liability partnership information

Perenna Capital Management LLP is a limited liability partnership incorporated in England and Wales. The registered office is 66 Prescot Street, London, E1 8NN.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Where there exists an asset and liability component in respect of an individual member's participation rights, they are presented on a gross basis unless the LLP has both a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis or to settle and realise these amounts simultaneously, in which case they are presented net.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

1.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

1 Accounting policies (Continued)

1.4 Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts payable 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

2 Loans and other debts due to members

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

Introduction
The firm is required by the Financial Conduct Authority ("FCA") to disclose information relating to the capital it holds and each material category of risk it faces in order to assist users of its accounts and to encourage market discipline. These disclosures aim to provide information on the risk exposures faced by the firm and the risk assessment process it has in place to monitor these. Known as "Pillar 3" disclosures, they are required to be made under Chapter 11 of the FSA's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") and are seen as complimentary to the firm's minimum capital requirement calculation ("Pillar 1") and the internal review of its capital adequacy ("Pillar 2").

The Pillar 3 disclosure document has been prepared by Perenna Capital Management LLP in accordance with the requirements of BIPRU 11 and is verified by the Members. Unless otherwise stated, all figures are as at the 31st March 2018 financial year-end

Pillar 3 disclosures will be issued on an annual basis after the year end and published as soon as practical when the annual accounts are finalised / with the annual accounts.

Risk management
The firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Compliance Officer, with the Senior Management taking overall responsibility for this process.

Appropriate action is taken where risks are identified which fall outside of the firm's risk tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the firm's mitigating controls.

Specific risks applicable to the firm come under the headings of business, operational, credit and market risks. The firm has not commenced trading and therefore the risks described below reflect those circumstances but also consider the likely risks upon the commencement of trading.

Business risk
The firm has not commenced trading so there is no business risk at present. Upon commencement of trading, the firm's revenue will be reliant on the performance the funds under management and the firm's ability to launch new funds and obtain new mandates. As such, the risk posed to the firm relates to underperformance resulting in a decline in revenue and risk exposures in the funds hindering the launch of new fund initiatives and ultimately the deterioration of fee income. This risk will be mitigated by attempting to launch additional funds to diversify income sources.

Operational risk
The firm places strong reliance on the operational procedures and controls that it has in place in order to mitigate risk and seeks to ensure that all personnel are aware of their responsibilities in this respect.

The risk of loss of key investment management personnel is be mitigated by having an appropriate partnership agreement and remuneration policies in place. The firm has considered the arrangements that will need to be in place should a disaster recovery event occur.

Credit risk
As the firm has not commenced trading, there are no significant credit risks. Upon commencement of trading the main credit risk will be the AIFs from whom fee income will be receivable.

Given the nature of the firm's exposures, no specific policy for hedging and mitigating credit risk is in place. The firm uses the simplified standardised approach detailed in BIPRU 3.5.5 of the FSA Handbook when calculating risk weighted exposures in respect of its debtors. This amounts to 8% of the total balance due. All bank balances are subject to a risk weighted exposure of 1.6% in accordance with BIPRU 3.4 of the FSA Handbook.

Credit risk summary

		2018	
Credit risk exposure	**Total exposure £000**	**Risk weighting**	**Risk weighted exposure**
Cash at bank	151	1.6%	£2,421
Total	151		£2,421

Liquidity risk
The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or that financial resources can only be secured at excessive cost.

The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under normal business conditions.

The Firm maintains a Liquidity risk policy which formalises this approach.

Capital adequacy

Capital resources
As at 31st March 2018 the firm held regulatory capital resources of £150,000. This comprised solely of core Tier 1 capital.

Capital requirement
As at 31st March 2018, the firm's Pillar 1 capital requirement was £109,591. The requirement is based on the base capital requirement of €125,000 as this exceeds the total of the credit and market risk capital requirements it faces and also exceeds its FOR capital requirement.

The FOR is based on estimate of year one overheads when the business commences trading.

Satisfaction of capital requirements
Since the firm's ICAAP (Pillar 2) process has not identified capital to be held over and above the Pillar 1 requirement, the capital resources detailed above are considered adequate to continue to finance the firm over the next year. No additional capital injections are considered necessary and the firm expects to commence trading in the near future.