

SOLO CAPITAL PARTNERS LLP

**REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2014**

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Solo Capital Partners LLP

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Solo Capital Partners LLP

LLP Registration Number: OC367979

Members

Solo Capital Limited	
Jas Bains	(resigned 19 July 2013)
Edo Barac	(resigned 31 March 2014)
Michael Smyth	(resigned 31 January 2014)
Jain Mankash	(resigned 31 January 2014)
SCNCM Services Ltd	(resigned 23 July 2013)
Richard Hardebeck	(resigned 31 March 2014)
Gary Pitts	(resigned 31 August 2013)
Jiban Nath	(resigned 31 March 2014)
Jason Browne	(resigned 31 October 2013)
Paul Cook	(resigned 31 October 2013)
Philip Court	(resigned 31 March 2014)
James Hoogewerf	(resigned 31 March 2014)
Andrew Miller	(resigned 26 September 2013)
Bernard Minsky	
Gerard O'Callaghan	(resigned 31 December 2013)
Daniel Redszus	(resigned 14 November 2013)
Amy Williams	(resigned 31 March 2014)
Solo Capital (Dubai) Ltd	(resigned 31 March 2014)
Priyan Shah	(resigned 31 December 2013)
Matthew Savage	(resigned 31 March 2014)
Jack Regan	(resigned 31 March 2014)
Michael Turner	(resigned 31 January 2014)
Paul Murray	(resigned 31 March 2014)
Kate Westcott	(resigned 31 March 2014)
Renato Guido	(resigned 31 March 2014)
Anthony Mark Patterson	(resigned 31 March 2014)
Stuart Ervine	(appointed 10 June 2013, resigned 31 March 2014)
Darren Hobbs	(appointed 24 June 2013, resigned 31 March 2014)
Paul Kelly	(appointed 1 July 2013)
Christian Yau	(appointed 17 July 2013, resigned 7 May 2014)
Nirav Patel	(appointed 1 August 2013, resigned 31 March 2014)
Allen Hovsepian	(appointed 27 August 2013, resigned 7 March 2014)
Carla Aylott	(appointed 1 October 2013)
Martin Ward	(appointed 11 November 2013, resigned 31 March 2014)
Anne Stratford-Martin	(appointed 25 November 2013)
Omar Arti	(appointed 3 February 2014)

Solo Capital Partners LLP

LLP Registration Number: OC367979

Partnership Information

Registered Office

10 Exchange Square
Primrose Street,
London
EC2A 2EN

Independent Auditors

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Bankers

Barclays
Chingford
London

Solo Capital Partners LLP
Members Report
For the period ended 31 March 2014

The members present their report and the audited financial statements for Solo Capital Partners LLP ('the LLP') for the year ended 31 March 2014.

Principal Activities

The principal activities of the Solo Capital Partners LLP are global securities services, investment management, brokerage and proprietary trading.

Solo Capital Partners LLP is authorised and regulated for the conduct of business by the United Kingdom Financial Conduct Authority.

Results and Business Review

The results for the year showed an operating profit of £3,679,089.

The partnership intends to restructure its activities during 2014 and has an application pending approval to the FCA to create a new regulated entity specifically for the global security services activities of the partnership. Approval from the FCA remains pending.

Designated Members

The following members were designated members during the period.

Bernard Minsky

Paul Kelly (appointed 1st July 2013)

Christian Yau (appointed 17th July 2013; resigned 7th May 2014)

Policy On Members Drawings and Members Capital

Policies for members drawings and repayment of members capital are governed by the Members Agreement dated 28 March 2013.

The overall policy in relation to amounts contributed by members is that they should be sufficient to comply with FCA financial resources requirements including the Capital Adequacy Requirement.

Pillar 3

Pillar 3 disclosures can be found on the LLP's website.

Approved by the Designated Members on 30 May 2014.



For and behalf of Solo Capital Limited
Member

Solo Capital Partners LLP

Statement of Members Responsibilities

The members are responsible for preparing the Members Report and the financial statements in accordance with applicable law and regulations.

Company law, as applicable to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law, as applicable 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to LLPs. 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 Solo Capital Partners LLP

We have audited the financial statements of Solo Capital Partners LLP for the year ended 31 March 2014 which are set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, 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 set out on page 5, 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 Boards (APB'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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

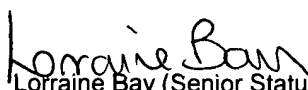
In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2014 and of its result 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.


Lorraine Bay (Senior Statutory Auditor)
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB
30 May 2014

Solo Capital Partners LLP

Profit and Loss Account

Registered Number: OC367979

	Note	Year ended 31 March 2014 £	Year ended 31 March 2013 £
TURNOVER	1,2	12,045,211	18,967,376
Administrative expenses		<u>(8,366,122)</u>	<u>(8,520,839)</u>
OPERATING PROFIT	3	3,679,089	10,446,537
Interest receivable and similar income		<u>-</u>	<u>-</u>
Profit for the year before members' remuneration charged as an expense		3,679,089	10,446,537
Members' remuneration charged as an expense	10	<u>-</u>	<u>(1,874,425)</u>
Profit available for discretionary allocation		<u>3,679,089</u>	<u>8,572,112</u>

All amounts relate to continuing operations. There are no recognised gains or losses for the period, other than those recognised in the profit and loss account.

The notes on pages 9 to 19 form part of these financial statements.

Solo Capital Partners LLP

Balance Sheet – 31 March 2014

Registered Number: OC367979

	Note	31 March 2014 £	31 March 2013 £
Fixed Assets	6	913,310	53,567
Debtors: Amounts falling due after one year	7	494,861	-
Current Assets			
Debtors	8	18,227,990	17,550,668
Cash at bank		1,847,331	3,997,917
		20,075,321	21,548,585
Creditors: amounts falling due within one year	9	(2,270,513)	(1,531,150)
Total Assets less Current Liabilities and Net Assets attributable to members		19,212,979	20,071,002

Represented by:

Members other Interests

Members capital classified as equity	10	15,533,890	11,498,890
Other reserves	10	3,679,089	8,572,112
		19,212,979	20,071,002

Memorandum of Members Total Interest

Loans and other debts due from members	(3,936,919)	(486,542)
Members other interests	19,212,979	20,071,002
	15,276,060	19,584,460

The financial statements were approved by the Members on 30 May 2014 and signed on its behalf by:



For and behalf of Solo Capital Limited
Member

Solo Capital Partners LLP

Notes to the Financial Statements for the period ended 31 March 2014

1. Principal Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice, "Accounting by Limited Liability Partnerships", and the terms of the LLP Membership Agreement.

The financial statements have been prepared on the going concern basis despite there being an uncertainty over whether the LLP structure will be in existence in 12 months time. This is because the business of the partnership will continue regardless of any potential changes to legal structures which may take place.

(b) Cash flow statement

The LLP meets the exemption requirements of FRS1 (revised), cash flow statements, in that it is 100% owned by a company whose consolidated accounts are publicly available. For this reason a cash flow statement has not been prepared.

(c) Tax purposes

The taxation payable on profits is the personal liability of the members during the period.

(d) Expenses

Expenses are shown on an accruals basis.

(e) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(f) Allocation of profits and drawings

The allocation of profits to those who were members during the financial period occurs as and when profits are made and is at the discretion of the Management Committee. During the period members have received drawings and incentive fees as per the LLP Agreement, which includes an overriding clause that the LLP must maintain its FCA regulatory capital requirements at all times.

Both the monthly drawings and profit distributions represent payment on account of current period profits and are receivable from members until profits have been allocated. Any over distribution of profits during the period is also receivable from members.

(g) Debtors

Debtors are shown after providing for any amounts which in the opinion of the members may not be collected in full.

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes to the (Continued)

1. Principal Accounting Policies (Continued)

(h) Financial Instruments

Financial assets

Financial assets are classified as "financial assets at fair value through profit or loss" or "loans and receivables". Financial assets are classified into their respective categories at the initial recognition date. Financial assets at fair value through profit or loss are initially recognised at fair value, with any subsequent changes in fair value recognised in the profit and loss account. Loans and receivables are initially valued at fair value and subsequently measured at amortised cost.

Financial assets at fair value through profit or loss: Assets in this category are usually held for short-term gain and are classified as current assets if they are either held for trading or expected to be realised within 12 months of the balance sheet date.

Loans and receivables: Loans and receivables are non-derivative financial assets which have a fixed or easily determinable value. They are included in current assets except for those with maturities greater than 12 months after the balance sheet date, which are held in non-current assets.

The LLP assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. Any impairment loss is recognised in the profit and loss account.

Financial liabilities

Financial liabilities are classified as "financial liabilities at fair value through profit or loss" if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised in the profit and loss account in the period in which they arise.

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised costs. Any difference between the proceeds and redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the LLP has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(i) Turnover

Turnover is attributable to the supply of global securities services, investment management, proprietary trading and brokerage services to a professional client base.

Global securities services, investment management and brokerage fees are charged to clients based on contracted tariffs and are subject to significant period to period fluctuation based on client activities.

Proprietary trading revenue comprises of all realised and unrealised gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with related income, expenses and dividends.

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

1. Principal Accounting Policies (Continued)

(j) Tangible fixed assets and depreciation

Depreciation has been computed to amortize the cost of fixed assets over their expected useful lives at the following rates:

Fixtures & fittings	-	33% per annum straight line
Office equipment	-	33% per annum straight line

(k) Pensions

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

(l) Operating leases

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

2. Turnover

Turnover is attributable solely to continuing operations and derives from the LLP's principal activities, which take place in Europe.

3. Operating Profit

The operating profit is stated after charging:

	Year ended 31 March <u>2014</u> £	Year ended 31 March <u>2013</u> £
Depreciation of tangible fixed assets	206,689	4,703
Auditors' Remuneration		
Audit services	44,200	18,000
Other services	34,800	17,760
Operating lease rentals		
- other operating leases	435,086	532,625
Differences in foreign exchange	164,356	495,715

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

4. Staff Costs

	Year ended 31 March <u>2014</u> £	Year ended 31 March <u>2013</u> £
Salaries and wages	1,478,245	2,088,060
Social security and other costs	199,518	63,762
Pension costs	78,775	58,148
	<u>1,756,538</u>	<u>2,209,970</u>

The average number of people employed by the LLP, excluding members was 16 (2013: 12), all employees were engaged in back office / administrative duties.

5. Remuneration of Members

The average number of members in the year was 25 (2013: 17). The share of profits attributable to the member with the largest entitlement to profit for the year was £845,550 (2013: £8,572,112).

6. Tangible Fixed Assets

	Office equipment £	Furniture and fittings £	Total £
Cost			
At 1 April 2013	58,270	-	58,270
Additions	<u>156,979</u>	<u>909,453</u>	<u>1,066,432</u>
At 31 March 2014	<u>215,249</u>	<u>909,453</u>	<u>1,124,702</u>
Depreciation			
At 1 April 2013	4,703	-	4,703
Charge for the year	<u>33,631</u>	<u>173,058</u>	<u>206,689</u>
At 31 March 2014	<u>38,334</u>	<u>173,058</u>	<u>211,392</u>
Net book value			
At 31 March 2014	<u>176,915</u>	<u>736,395</u>	<u>913,310</u>
At 31 March 2013	<u>53,567</u>	-	<u>53,567</u>

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

7. Debtors: Amounts Falling Due After One Year

Lease deposit held by landlord's agent £494,861 (2013 £Nil).

8. Debtors

	<u>2014</u> £	<u>2013</u> £
Trade Debtors	4,123,398	1,177,314
Other Debtors	2,130,333	580,850
Financial Assets (Note14)	-	11,849,176
Prepayment and Accrued income	3,678,861	1,080,488
VAT	34,954	12,572
Amounts due from related parties	4,313,525	2,363,721
Amounts due from members	3,946,919	486,542
	<u>18,227,990</u>	<u>17,550,668</u>

9. Creditors: Amounts Falling Due Within One Year

	<u>2014</u> £	<u>2013</u> £
Trade creditors	1,091,440	52,098
Tax and other social security	25,659	14,814
Other creditors	36,506	10,959
Amounts owed to related parties	648,739	1,132,279
Accruals and deferred income	468,169	321,000
	<u>2,270,513</u>	<u>1,531,150</u>

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

10. Reconciliation of Movements in Partners' Equity

	Members Capital	Other Reserves	Total	Loans and other debts due to/(from) Members	2014 Total	2013 Total
Amounts due to members	-	-	-	704,167	-	-
Amounts due from members	-	-	-	(1,190,709)	-	-
Balance as at 31 March 2013	11,498,890	8,572,112	20,071,002	(486,542)	19,584,460	11,373,890
Capital introduced by members	4,045,000	-	4,045,000	-	4,045,000	125,000
Repayment of members capital	(10,000)	-	(10,000)	-	(10,000)	-
Members' Remuneration	-	-	-	-	-	1,874,425
Profit for the financial year available for distribution	-	3,679,089	3,679,089	-	3,679,089	8,572,112
Members' interests after profit for the year	15,533,890	12,251,201	27,785,091	(486,542)	27,298,549	21,945,427
Allocations made during the year	-	(8,572,112)	(8,572,112)	8,572,112	-	-
Loans	-	-	-	655,709	655,709	(1,190,709)
Drawings	-	-	-	(12,678,198)	(12,678,198)	(1,170,258)
Balance as at 31 March	15,533,890	3,679,089	19,212,979	(3,936,919)	15,276,060	19,584,460
Amounts due to members	-	-	-	10,000	-	-
Amounts due from members	-	-	-	(3,946,919)	-	-

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

10. Reconciliation of Movements in Partners' Equity (Continued)

Members capital may be repaid to leaving members subject to the condition, within the LLP Agreement, that following such payment the total members' capital remains greater than the LLP's FCA financial resources requirement at the relevant time.

The amounts due to members would rank pari passu with other creditors in the event of a winding up of the LLP.

11. Related Party Balances

Included in other debtors at the year-end were the following balances due from related parties. Related parties are those entities where the ultimate controlling party of Solo Capital Partners LLP has a significant influence. These balances were a combination of loan balances used for trade purposes and invoiced transactions.

	<u>2014</u> £	<u>2013</u> £
Ganymede Cayman Ltd	1,172,518	51,771
Elysium Global (Dubai) Ltd	2,256,716	(1,132,279)
Solo Capital Ltd	-	369,695
Sanjay Shah	(60,931)	1,512,007
Athena Equity Trading	208,619	116,491
SC Malta SICAV Plc	(32,556)	-
Pandia Equity Trading	179,372	111,707
Pallas Equity Trading	179,421	110,430
Arche Cayman Ltd	-	1,318
SC Developed Market Equities Fund (OEIC) Ltd	(62,000)	6,435
SC Global FX Fund	-	1,184
Aesa Sarl	2,206	15,108
Solo Dubai Fund	1,613	2,515
Callisto Master Funds SPC	-	3,545
Callisto Offshore Fund SPC	-	3,094
Callisto Investment Management (Cayman) Limited	-	1,583
Callisto Investments PCC Ltd	-	1,419
Hooloomooloo Holdings	209,985	55,420
Copella Investment Management (Cayman) Ltd	18,913	-
Copella Master Fund SPC	8,867	-
Copella Offshore Fund SPC	10,618	-
Callisto Asset Management LLP	(492,692)	-
Hyperion Ltd	13,636	-
West Point Derivatives Ltd	12,696	-
Leda Cayman Ltd	17,637	-
Metis Cayman Ltd	17,637	-
Adriatic Global Fund Ltd	2	-
	<u>3,662,277</u>	<u>1,231,443</u>

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

11. Related Party Balances (Continued)

During the year fixed assets with a carrying value of £136,625 were transferred at net book value from Solo Capital Limited to Solo Capital Partners LLP.

12. Ultimate Controlling Party

The immediate controlling party is Solo Capital Limited, a company incorporated in the UK. In the opinion of the Members, Mr S Shah, who holds 100% of the shares in Solo Capital Limited, is the ultimate controlling party. Group accounts are publicly available, copies can be obtained from its principal place of business.

13. Operating Lease Commitments

At 31 March 2014 the LLP had annual commitments under non-cancellable operating leases as follows:

	<u>Land & Buildings</u> £	<u>Other</u> £
Expiry date:		
Within 1 year	-	30,314
Between 2 and 5 years	403,091	37,867
	<u>403,091</u>	<u>68,181</u>

14. Financial Instruments and Risk Management

The activities of the LLP create financial related risks across a broad spectrum of market risk, credit risk and liquidity risk. The LLP's financial risk management programme focuses on these major areas through monitoring of the interactions and interdependencies.

The senior management of the LLP continually assess the risks faced by the LLP and the potential impact of these exposures on the level of operating capital required by the LLP.

Market risk

Market risk exposure arises from normal business activities giving rise to risk from foreign currency movements, equity price movements and commodity price movements. The LLP has experienced volatile market conditions and pursues strategies which ensure that trading exposures are within approved guidelines.

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

14. Financial Instruments and Risk Management (Continued)

(i) Foreign currency risk

The LLP incurs foreign exchange risk because it holds assets and liabilities denominated in foreign currencies. Management monitor the foreign exchange risk incurred in its operations to ensure that it is within overall guide lines to ensure that the LLP does not incur losses due to foreign exchange movements which are outside of the established risk appetite.

Exposures to foreign currency at 31 March 2014 were:

	GBP £	USD £	EUR £	Other £	2014 £
Assets					
Trade Debtors	9,901	231,970	3,881,527	-	4,123,398
Other debtors	12,085	713,382	1,404,866	-	2,130,333
Prepayments and accrued income	84,099	533,054	3,061,708	-	3,678,861
Amounts due from related parties	3,690,315	13,636	609,574	-	4,313,525
Cash at bank	307,522	1,305,234	230,791	3,785	1,847,332
	<u>4,103,922</u>	<u>2,797,276</u>	<u>9,188,466</u>	<u>3,785</u>	<u>16,093,449</u>
	GBP £	USD £	EUR £	Other £	2014 £
Liabilities					
Trade Creditors	(136,531)	(938,538)	-	(16,371)	(1,091,440)
Amounts due from related parties	(554,183)	-	(94,556)	-	(648,739)
	<u>(690,714)</u>	<u>(935,538)</u>	<u>(94,556)</u>	<u>(16,371)</u>	<u>(1,740,179)</u>

At 31 March 2014 a 10% appreciation of sterling against all other currencies would have resulted in a loss of £1,094,006. At 31 March 2014 a 10% depreciation of sterling against all other currencies would have resulted in a gain of £1,094,006.

(ii) Equity Price Risk

The LLP incurs equity market price risk because it holds positions in equities and derivatives. Management monitor the equity market risk incurred in its operations to ensure that it is within overall guidelines set to ensure that the LLP does not incur losses outside established parameters due to equity price movements.

At 31 March 2014 the LLP held no open positions.

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

14. Financial Instruments and Risk Management (continued)

Credit risk

Credit risk represents the possibility the LLP will suffer a financial loss arising from a counterparty failing to meet its contractual obligations. Credit risk is defined as the risk of loss associated with an obligor's inability to fulfil its payment obligations. This includes counterparty exposure risk and counterparty default risk. Definitions of sub credit risk categories are as follows

(i) Counterparty exposure risk - Defined as the risk of loss arising from large (connected) individual exposures and significant exposures to groups of counterparties whose likelihood of default is driven by common underlying factors, e.g. sector, economy, geographical location, instrument type.

(ii) Counterparty Default risk - Defined as the potential loss arising from counterparty's failure to meet the terms of any contract or otherwise fail to perform as agreed.

These two risks would mostly arise from the settlement of trades.

Counterparty credit risk is managed in a number of ways, namely

- The general policy on dealing with counterparties is that they are authorised and regulated by the FCA, or equivalent overseas regulator, or listed on a recognised investment exchange.

- The production and distribution of useful management information ensuring senior management are made aware of credit exposures in a timely manner.

The majority of the LLP's credit risk is covered by the capital that it is required to hold under Pillar 1 of the FCA rules. The nature of the LLP's client base is such that it is considered unlikely that any counterparty default will occur.

Liquidity risk

Prudent cash management in the LLP's business is focused on levels of liquid funds and minimisation of counterparty risk. All current liabilities in the consolidated balance sheet are contractually due for repayment within 0-6 months.

Capital risk management

The LLP manages its capital, defined as the Members capital, to ensure that it is able to operate as a going concern and exceed the minimum capital requirements set out by the FCA. The LLP held surplus capital over the FCA requirement at the year end.

Fair value measurement

The only items measured and carried at fair value are the financial instruments assets and liabilities, which are exposures to exchange traded futures and options in foreign exchange, equities and commodities. These items are designated as level 2 in the fair value hierarchy as they are marked to market using observable inputs.

Solo Capital Partners LLP

Financial Statements for the period ended 31 March 2014

Notes (Continued)

15. Categories of financial assets and financial liabilities

Financial assets

	<u>2014</u> £	<u>2013</u> £
Assets at fair value through profit and loss		
Other financial assets held for trading	-	11,849,176
Assets at amortised cost		
Trade debtors	4,123,398	1,177,314
Other debtors	10,425,731	3,443,690
Accrued income	3,678,861	1,080,488
Cash at bank	1,847,331	3,997,917
	<u>20,075,321</u>	<u>21,548,585</u>

Financial liabilities

	<u>2014</u> £	<u>2013</u> £
Liabilities at amortised cost		
Creditors	1,802,344	1,210,150
Accruals	468,169	321,000
	<u>2,270,513</u>	<u>1,531,150</u>