

# REGISTRAR OF COMPANIES

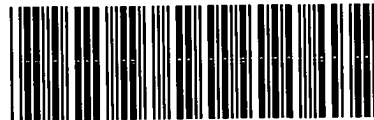
## Bainbridge Partners LLP

### Members' report and financial statements

for the year ended 31 March 2014

Registered number: OC341436

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**Members' report**

for the year ended 31 March 2014

The members present their annual report together with the audited financial statements of Bainbridge Partners LLP ('the LLP') for the year ended 31 March 2014.

**Principal activity**

The principal activity of the LLP during the year was acting as investment advisor.

**Review of business and future developments**

The members are satisfied with the results for the year and expect continued growth in the future.

**Designated members**

The designated members during the year were as follows:

A B Haddad  
Bainbridge (UK) Services Limited

**Members' capital and drawings**

During the year, the members contributed capital of £5,000 (2013: £55,000) to the LLP. Members may be permitted to contribute additional capital at the LLP's discretion. No member may be required by the LLP to contribute additional capital.

The members may only withdraw capital contributions at the sole discretion of the LLP, and therefore the capital contributed is classified as equity under FRS 25.

Each member is permitted to take drawings in anticipation of the profits of the LLP, subject to the approval of the LLP. If the cash requirements of the LLP's business conflict with the allowance of cash drawings, therefore, the LLP may decline the payment of advance drawings.

**Members' report (continued)**

for the year ended 31 March 2014

**Members' responsibilities statement**

The members are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

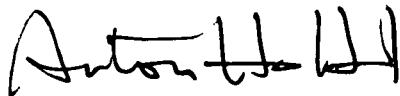
Company law, as applied to LLPs, requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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. 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.

This report was approved by the members on 15 July 2014 and signed on their behalf by:

**A B Haddad**  
Designated member



## **Independent auditor's report to the members of Bainbridge Partners LLP** for the year ended 31 March 2014

We have audited the financial statements of Bainbridge Partners LLP for the year ended 31 March 2014, set out on pages 5 to 12. 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 Auditor's 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 auditor**

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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 March 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.

## **Independent auditor's report to the members of Bainbridge Partners LLP** for the year ended 31 March 2014

### **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.



David Jarman (Senior statutory auditor)  
for and on behalf of  
**Buzzacott LLP**  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 15 July 2014

**Profit and loss account**  
for the year ended 31 March 2014

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
Turnover	1	<b>2,158,941</b>	1,645,146
Administrative expenses		<b>(1,711,874)</b>	(1,440,351)
<b>Operating profit</b>	2	<b>447,067</b>	204,795
<b>Profit for the financial year before members' remuneration and profit shares available for discretionary division among members</b>		<b>447,067</b>	204,795

All amounts relate to continuing operations.

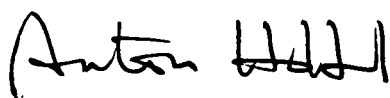
There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 8 to 12 form part of these financial statements.

**Balance sheet**  
as at 31 March 2014

	Note	£	2014 £	£	2013 £
<b>Current assets</b>					
Debtors	5	360,472		313,808	
Cash at bank and in hand		331,955		452,532	
		<u>692,427</u>		<u>766,340</u>	
<b>Creditors: amounts falling due within one year</b>	6	<b>(17,183)</b>		<b>(15,588)</b>	
<b>Net current assets</b>			<b>675,244</b>		750,752
<b>Net assets attributable to members</b>			<b>675,244</b>		750,752
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>					
Other amounts			225,244		305,752
<b>Members' other interests</b>					
Members' capital classified as equity			450,000		445,000
			<u>675,244</u>		<u>750,752</u>
<b>Total members' interests</b>					
Amounts due from members (included in debtors)			-		(860)
Loans and other debts due to members			225,244		305,752
Members' other interests			450,000		445,000
	8		<u>675,244</u>		<u>749,892</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 15 July 2014.



**A B Haddad**  
Designated member

The notes on pages 8 to 12 form part of these financial statements.



**Cash flow statement**

for the year ended 31 March 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	9	401,138	139,360
Net cash flow from transactions with members	10	(521,715)	(140,838)
<b>Decrease in cash in the year</b>		<b>(120,577)</b>	<b>(1,478)</b>

**Reconciliation of net cash flow to movement in net funds**

for the year ended 31 March 2014

	2014 £	2013 £
Decrease in cash in the year	(120,577)	(1,478)
<b>Movement in net funds in the year</b>	<b>(120,577)</b>	<b>(1,478)</b>
Net funds at 1 April 2013	452,532	454,010
<b>Net funds at 31 March 2014</b>	<b>331,955</b>	<b>452,532</b>

The notes on pages 8 to 12 form part of these financial statements.

**Notes to the financial statements**  
for the year ended 31 March 2014

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships', issued in March 2010 ('SORP').

**1.2 Turnover**

Turnover represents income derived from the LLP's principal activity of providing sub advisory services, net of Value Added Tax (VAT).

**1.3 Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

**1.4 Taxation**

The taxation payable on the partnership profits is the personal liability of the members and consequently neither taxation nor related deferred taxation are accounted for in the financial statements. Amounts retained for tax are treated in the same way as other profits of the partnership and are included in 'Members' interests' or in 'Loans and other debts due to members' depending on whether or not division of profits has occurred.

**1.5 Members' capital**

Members' capital is classified as equity in accordance with FRS 25 and the SORP. Repayment of members' capital is governed by the Limited Liability Partnership Agreement dated 9 March 2009.

**2. Operating profit**

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

	<b>2014</b>	2013
	£	£
Difference on foreign exchange	<b>32,012</b>	(6,700)

**3. Auditor's remuneration**

	<b>2014</b>	2013
	£	£
Fees payable to the LLP's auditor and its associates for the audit of the LLP's annual accounts	<b>7,500</b>	7,500
Fees payable to the LLP's auditor and its associates in respect of:		
Taxation compliance services	<b>1,675</b>	1,675
All assurance services not included above	<b>1,000</b>	1,000
All other non-audit services not included above	<b>3,500</b>	3,500

**Notes to the financial statements**  
for the year ended 31 March 2014

**4. Information in relation to members**

	<b>2014</b>	2013
	<b>Number</b>	Number
The average number of members during the year was	<u>3</u>	<u>2</u>
	£	£
The amount of profit attributable to the member with the largest entitlement was	<u>302,209</u>	<u>204,318</u>

**5. Debtors**

	<b>2014</b>	2013
	£	£
Trade debtors	<b>355,683</b>	308,768
Prepayments and accrued income	<b>4,789</b>	4,180
Amounts due from members	-	860
	<u>360,472</u>	<u>313,808</u>

**6. Creditors:  
Amounts falling due within one year**

	<b>2014</b>	2013
	£	£
Trade creditors	<b>32</b>	1,342
Accruals and deferred income	<b>17,151</b>	14,246
	<u>17,183</u>	<u>15,588</u>

**7. Loans and other debts due to members**

	<b>2014</b>	2013
	£	£
Amounts due to members	<u>225,244</u>	<u>305,752</u>

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

## Notes to the financial statements

for the year ended 31 March 2014

### 8. Reconciliation of members' interests

	Members' capital (classified as equity) £	Other reserves £	Total members' other interests £	Loans and debts due to members less any amounts due from members in debtors £	Total 2014 £	Total 2013 £
Amounts due to members b/fwd				305,752		
Amounts due from members b/fwd				(860)		
Members' interests: balance at 1 April 2013	445,000	-	445,000	304,892	749,892	685,935
Profit for the year available for discretionary division among members	-	447,067	447,067	-	447,067	204,795
Members' interests after profit for the year	445,000	447,067	892,067	304,892	1,196,959	890,730
Allocated profit for period	-	(447,067)	(447,067)	447,067	-	-
Amounts withdrawn by members	-	-	-	(541,394)	(541,394)	(76,498)
Other movements	-	-	-	14,679	14,679	(119,340)
Capital amounts introduced by members	5,000	-	5,000	-	5,000	55,000
Members' interests at 31 March 2014	450,000	-	450,000	225,244	675,244	749,892
Amounts due to members				225,244		
Amounts due from members				-		
				225,244		

**Notes to the financial statements**  
for the year ended 31 March 2014

**9. Net cash flow from operating activities**

	2014 £	2013 £
Operating profit	447,067	204,795
Increase in debtors	(47,523)	(65,543)
Increase in creditors	1,594	108
<b>Net cash inflow from operating activities</b>	<b>401,138</b>	<b>139,360</b>

**10. Analysis of cash flows for headings netted in cash flow statement**

	2014 £	2013 £
<b>Transactions with members</b>		
Payments to members	(526,715)	(195,838)
Capital contributions	5,000	55,000
<b>Net cash outflow from transactions with members</b>	<b>(521,715)</b>	<b>(140,838)</b>
<b>Analysed as follows:</b>		
Net transactions with members relating to equity	5,000	55,000
Net transactions with members relating to debt	(526,715)	(195,838)
	<b>(521,715)</b>	<b>(140,838)</b>

**11. Analysis of changes in net funds**

	1 April 2013 £	Cash flow £	31 March 2014 £
Cash at bank and in hand	452,532	(120,577)	331,955
<b>Net funds</b>	<b>452,532</b>	<b>(120,577)</b>	<b>331,955</b>

**12. Contingent liabilities**

There were no contingent liabilities at 31 March 2014 or 31 March 2013.

**13. Capital commitments**

The LLP had no capital commitments at 31 March 2014 or 31 March 2013.

**Notes to the financial statements**  
for the year ended 31 March 2014

**14. Controlling party**

During the year ended 31 March 2014, the ultimate controlling party was Mr Antoine Haddad by virtue of his majority holding of the voting rights of the LLP.

**15. Related party transactions**

During the year, Bainbridge (UK) Services Limited charged the LLP £1,644,630 (2013 - £1,405,613) in relation to administration costs. At 31 March 2014, after profit allocations, £132,856 (2013 - £305,752) remained payable.

Bainbridge (UK) Services Limited is considered to be a related party by virtue of common ultimate control.

## FCA Pillar 3 Disclosures

for the year ended 31 March 2014

### Introduction

Bainbridge Partners LLP "the Firm" sets out below its Pillar 3 disclosure in accordance with the FCA's "Prudential Sourcebook for Banks, Building Societies and Investment Firms" (BIPRU), specifically BIPRU 11.3.3 R. The Capital Requirements Directive (Basel II) came into force on 1st January 2007 and introduced rules requiring the Firm to assess the adequacy of its capital resources in light of the risks they faced by its business in order to ensure the continued protection of clients and underlying investors.

- Frequency

The Firm will make its Pillar 3 disclosures on an annual basis in line with the Firm's financial year end.

- Media and Location

It is intended that the disclosure will be made in the notes to the annual financial statements.

- Materiality

Information which by its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions is deemed by the Firm to be material for the purposes of these disclosures. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this statement.

- Confidentiality

Information, the sharing of which with the public would undermine its competitive position, will be deemed to be proprietary information. Such proprietary information may include information on products or systems which, if shared with competitors, would render the Firm's investments therein less valuable. Further, the Firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, the Firm will disclose that fact and explain the grounds on which it has been decided that it should be excluded from the disclosures.

### Summary

The CRD requirements comprise three pillars:

- Pillar 1 addresses the Firm's minimum capital requirements;
- Pillar 2 concerns the Firm's Internal Capital Adequacy Assessment Process ("ICAAP"). This is undertaken by the firm and may be subject to a Supervisory Review and Evaluation Process through which the Firm and regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces; and
- Pillar 3 is concerned with the public disclosure of risk management policies, capital resources and capital requirements. The regulatory aim of these disclosures is to improve market discipline.

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**FCA Pillar 3 Disclosures**  
for the year ended 31 March 2014

**Bainbridge Partners LLP introduction**

Bainbridge Partners LLP is an investment management firm. The Firm is a limited liability partnership incorporated in the UK, and is authorised and regulated by the Financial Conduct Authority. The Firm is categorised under the BIPRU section of the FCA's Handbook as a "BIPRU €50k limited licence" firm.

The Firm advises on a range of fund of hedge fund products, quantitative trading strategies and client accounts. It does not hold client money and consequently the principal protection afforded to clients of the Firm is derived from the third party client money arrangements.

**Risk Management**

The Firm is governed by its Partners who determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Firm's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces.

The Partners also determine how the risk the business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The Partners meet on a regular basis with senior staff and discuss current projections for profitability and cash flow, along with the regulatory capital management, business planning and risk management. The Partners manage the Firm's risks business 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.

The Partners have identified that operational and business risk are the main areas of risk to which the Firm is exposed. During the period, the Firm considered its market and credit risk to being limited.

On an annual basis, the Partners formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness. Where the Partners identify material risks, they consider the financial impact of these risks as part of our business planning and capital management and conclude whether the amount of regulatory capital is adequate.

*Business Risk*

The main risk the Firm faces is an event leading to a significant fall in the level of assets under management. The Firm's revenue is reliant on the performance of the existing funds and its ability to launch new funds and obtain new mandates. As such, the risk posed to the Firm relates to underperformance of the current products due to adverse market conditions, causing the risk of redemptions from funds managed by the Firm, resulting in a decline in revenue. In the fund of hedge funds product range that Bainbridge advises on, Bainbridge will minimise its risk of underperformance through holding a diversified portfolio of hedge funds invested in. Managers will be selected because of their ability to generate alpha (especially relative to the category of hedge funds they belong to). Bainbridge is very conscious of the liquidity and volatility biases that each addition to the portfolio can create, and monitors those biases closely. In the event of significant falls in revenues the Partners are confident that with the existing high levels of capital held by it, the Firm should continue to cover all the expenses of the business. Through diversification of its product offering, Bainbridge looks to minimise any concentration risk arising from revenues by diversifying its product base.

*Operational Risk*

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or resulting from external events. 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.



**FCA Pillar 3 Disclosures**

for the year ended 31 March 2014

The Firm has identified a number of key operational risks. These relate to the outsourcing of investment accounting, transfer agency and various middle/ back office functions. Appropriate policies are in place to mitigate against these risks, including undertaking both onsite and desk based monitoring and the ongoing review of risk indicators, errors and incidents.

The risk of loss of key investment staff is mitigated by the cross training of staff and extended notice periods for key personnel.

*Credit Risk*

Credit risk is the risk that a party will default on a financial agreement. The Firm is exposed to credit risk as follows:

- Fund management and performance fees due from unregulated collective investment schemes ('USIC')
- UK authorised banks in relations to deposits held with them

The risks are mitigated by:

- Performing credit checks and completing due diligence checks at the outset of entering into material contracts;
- Periodic monitoring of the financial strength of the credit institution with whom the Firm maintains its bank accounts;
- Contractual arrangements in relation to the payment of management fees and monitoring payments against agreed payment schedules, with management fees being drawn monthly and performance fees drawn quarterly as applicable.

*Market Risk*

The Firm takes no market risk other than foreign exchange risk in respect of its accounts receivable and cash balances held in non GBP currencies.

The risk is mitigated by keeping the size of the debtor balance under regular review.

Cash balances are maintained in GBP, USD and EUR. The EUR and USD accounts are used effectively for receiving EUR and USD denominated fees and managing the FX transactions into our GBP account.

**Regulatory Capital**

Bainbridge Partners LLP is a Limited Liability Partnership and its capital arrangements are established in its Partnership agreement. As at 31 March 2014 the Firm held regulatory capital resources of £450,000.

**FCA Pillar 3 Disclosures**  
for the year ended 31 March 2014

**Pillar 1**

The Firm is a limited licence firm, and as such its capital requirements are the greater of:

- Its base capital requirement of €50,000;
- The sum of its market and credit risk requirements; or
- Its fixed overhead requirement ("FOR").

At 31 March 2014 the Firm's Pillar 1 requirement was £391,363. This has been determined with reference to the Firm's FOR and calculated in accordance with the FCA's General Prudential Sourcebook ("GENPRU"). The requirement is based on the FOR since at all times this exceeds the total of the credit and market risk requirements it faces and also exceeds its base capital requirement of €50,000.

The FOR is based on annual expenses net of variable costs deducted, which include discretionary bonuses paid to staff, allowable commission and fees and other variable expenditure. The Firm monitors its expenditure on a monthly basis and takes into account any material fluctuations in order to determine whether the FOR remains appropriate to the size and nature of the business or whether any adjustment needs to be made intra-year. This is monitored by the CFO and reported to the Partners on a periodic basis.

**Pillar 2**

*Satisfaction of capital requirements*

The Firm's ICAAP (Pillar 2) process has identified capital to be held over and above the Pillar 1 requirement. The additional capital resources requirement arising from the firm's cost to close analysis and therefore considered adequate to continue to finance the Firm over the next year. The Firm Tier 1 Capital increased to £450,000 during the fiscal year. No additional capital injections are considered necessary and the Firm expects to continue to be profitable.

Capital Resources at 31 March 2014

	£'000
Tier 1 Capital	450
Tier 2 Capital	0
Tier 3 Capital	0
Total Capital Resources	450
Pillar 2 Requirement	391
Surplus over Capital Requirements	59

**FCA Pillar 3 Disclosures**

for the year ended 31 March 2014

**Pillar 3**

*Remuneration Policy*

The FCA has amended the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU), and specifically BIPRU 11, to now include a requirement for disclosure of the Firm's approach to linking remuneration to risk.

The Firm feels that its Remuneration Policy appropriately addresses potential conflicts of interest and the Firm's authorised persons are not rewarded for taking inappropriate levels of risk. Under the Remuneration Code, the Firm is classified as a Level Three Firm, which allows the Firm to dis-apply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing the Firm's policy. In formalising the Remuneration Policy, the Firm relied on established systems and controls already in use. Remuneration shall be based on competitive market-based wages that fairly compensate employees in view of skills provided, work performed and responsibility undertaken. Overall remuneration will also include an annual incentive compensation reflecting individual performance and responsibility, both short-term and long-term, as well as the firm's overall performance.

The Remuneration Policy has been agreed by the Board and will be reviewed annually in line with the Remuneration Code procedures. Our disclosure is made in accordance with our size, internal organisation and the nature, scope and complexity of our activities.

The Aggregate Remuneration paid to Bainbridge Partners LLP Code Staff for the year ended 31st March 2014 was £341,451.