

Fulcrum Asset Management LLP

Members' report and Audited Financial Statements

For the year ended 31 December 2014

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COMPANIES HOUSE

Registered No: OC306401

Administrative information

Members

G Davies
A D Stevens
S Shaikh
J Davidson
A J N Bedford
A M Bevan
M Fawaz
T F Dempsey
FAM Services Limited

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Coutts & Co
188 Fleet Street
London
EC4A 2HY

Legal advisors

Withers LLP
16 Old Bailey
London
EC4M 7EG

Registered office

Marble Arch House
66 Seymour Street
London
W1H 5BT

Members' report

For the year ended 31 December 2014

The members present their report and the audited financial statements of Fulcrum Asset Management LLP ('the LLP' or 'the Partnership') for the year ended 31 December 2014.

Principal activity and review of the business

The LLP was authorised to conduct investment business by the Financial Conduct Authority ("FCA") previously Financial Services Authority ("FSA") on 14 April 2004. The principal activity of the LLP in the year under review was that of investment fund management.

The results and the financial position at year end were considered satisfactory by the members. The LLP's balance sheet as detailed on page 8 shows a satisfactory position. Members' other interests amount to £4,359,461 (31 December 2013: £3,623,936).

Results for the year and distribution

The profit for the year of £2,174,461 (2013: £2,108,269) has been transferred to reserves.

Future developments

There are no plans which will significantly change the activities and risks of the LLP.

Going concern

The LLP has sufficient financial resources. It is envisaged that assets under management will be maintained at such a level that the related management fee income will continue to exceed costs during the next twelve months.

The members have assessed the going concern status of the LLP and concluded that there are no material uncertainties that may cast significant doubt about the LLP's ability to continue as a going concern. They therefore continue to adopt a going concern basis of accounting in the financial statements.

Members' profit allocation

The profits are allocated among the members in accordance with the LLP Deed dated 1 January 2011 by the LLP's founder members (as defined in the LLP Deed).

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

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the LLP Deed dated 1 January 2011. In summary, each member shall upon admission to the LLP make a capital contribution of such amount as shall be determined by all the founder members. No member shall have the right to withdraw or receive back any part of the capital contribution except upon the winding-up of the LLP or on ceasing to be a member. Allocation of profits among the members, and the amount of a member's drawings, are determined at the discretion of the founder members.

Pillar 3 disclosure

Details of the LLP's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), are available at www.fulcrumasset.com/About/Disclosures/.

Stewardship code

The UK stewardship code disclosures of Fulcrum Asset Management LLP as required by the FCA Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) COBS 2.2.3 – Disclosure of commitments to the Financial Reporting Council's Stewardship Code are available from the LLP on application to the registered office.

Members' report

For the year ended 31 December 2014

Members

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

G Davies *
A D Stevens *
S Shaikh
J Davidson
A J N Bedford
T F Dempsey
A M Bevan
M Fawaz
FAM Services Limited

* Denotes Designated Member

Statement of disclosure of information to auditors

The members have taken all steps that they ought to have taken as members to make themselves aware of any relevant audit information and to establish that the auditors are aware of this information. So far as the members are aware, there is no relevant audit information of which the LLP's auditors are unaware.

Auditors

The auditors, Ernst & Young LLP, have indicated their willingness to continue in office. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Members' Meeting to approve these financial statements.

On behalf of the members



J Davidson
Member

17 April 2015

Statement of Members' responsibilities

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 made under the Limited Liability Partnerships Act 2000 require the members to prepare financial statements for each financial period/year. Under the regulation the Designated 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 the regulation the Designated Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing the financial statements, the Designated Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Designated Members 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 to enable them to ensure that the financial statements comply with The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. The Designated Members 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 Fulcrum Asset Management LLP

We have audited the financial statements of Fulcrum Asset Management LLP (the "LLP") for the year ended 31 December 2014 which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom generally accepted accounting practice.

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by 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 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 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 Statement of Members' responsibilities statement set out on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 and financial statements 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 limited liability partnership's affairs as at 31 December 2014 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Independent auditors' report (continued) **to the members of Fulcrum Asset Management LLP**

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.



Jeremy Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

17 April 2015

Profit and loss account

For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	11,038,016	9,767,342
Administrative expenses		<u>(8,867,415)</u>	<u>(7,660,278)</u>
Operating profit	3	2,170,601	2,107,064
Interest receivable		<u>3,860</u>	<u>1,205</u>
Profit for the financial year available for discretionary division among members	8	<u>2,174,461</u>	<u>2,108,269</u>

All amounts are in respect of continuing activities.

Statement of total recognised gains and losses


The LLP has no recognised gains or losses other than the profit for the current year and the previous year as shown above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet

As at 31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Investments	5	<u>49,386</u>	<u>47,791</u>
		49,386	47,791
Current assets			
Debtors	6	3,508,526	3,280,581
Cash in hand and at bank		<u>1,128,999</u>	<u>1,369,755</u>
		4,637,525	4,650,336
Creditors: amounts falling due within one year	7	<u>(327,450)</u>	<u>(1,074,191)</u>
Net current assets		<u>4,310,075</u>	<u>3,576,145</u>
Net assets attributable to members		<u>4,359,461</u>	<u>3,623,936</u>
Represented by:			
Equity			
Members' capital	8	2,185,000	2,185,000
Other reserves	8	<u>2,174,461</u>	<u>1,438,936</u>
		<u>4,359,461</u>	<u>3,623,936</u>
Memorandum of members' total interests			
Loans and other debts due from members		(1,745,614)	(697,861)
Members' other interests		<u>4,359,461</u>	<u>3,623,936</u>
Members' total interests	8	<u>2,613,847</u>	<u>2,926,075</u>

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


J Davidson
Member

17 April 2015

Cash flow statement

For the year ended 31 December 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	9 (a)	2,243,668	1,638,699
Returns on investments and servicing of finance			
Interest received		3,860	1,205
Capital expenditure and financial investment			
Purchase of investments		(1,595)	(47,169)
Transactions with members	9 (b)	<u>(2,486,689)</u>	<u>(1,050,441)</u>
(Decrease)/Increase in cash		<u>(240,756)</u>	<u>542,294</u>

Reconciliation of net cash flow to movement in net funds

	Note	2014 £	2013 £
(Decrease)/Increase in cash in the year		<u>(240,756)</u>	<u>542,294</u>
Change in net debt resulting from cash flows		(240,756)	542,294
Net funds at beginning of year		<u>1,369,755</u>	<u>827,461</u>
Net funds at end of year	9 (c)	<u>1,128,999</u>	<u>1,369,755</u>

Notes to the financial statements

For the year ended 31 December 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with applicable UK Accounting Standards under the requirements of the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in March 2010.

Investments

Investments are held at cost less any provision for impairment.

The LLP is exempt from preparing consolidated financial statements under S401 of Companies Act 2006, as it is part of a larger group that prepare consolidated financial statements, which are publically available.

Revenue recognition

Revenue is recognised to the extent that the LLP obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax duty.

Expenses

Expenses incurred have been recognised on an accruals basis.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

Taxation

No provision has been made for taxation in the financial statements. Each member is exclusively liable for any tax liabilities arising out of their interest in the LLP which will be assessed on the individual members and not on the LLP.

Profit allocations

Amounts due to members following a discretionary division of profits are credited to members' current accounts in the period when the allocation occurs. Unallocated profits and losses are included within 'other reserves' and any drawings paid in respect of these unallocated profits are included within debtors.

Forward contracts

Any realised gains or losses incurred on the forward contracts are recognised in the profit and loss within gains/losses on foreign exchange when the contract is settled.

Notes to the financial statements (continued)

For the year ended 31 December 2014

2. Turnover

Turnover, which is stated net of any value added tax, represents management fees and performance fees arising from continuing activities in the United Kingdom.

An analysis of turnover by geographical area is given below:

	2014 £	2013 £
Europe	5,263,533	5,503,799
Cayman Islands	<u>5,774,483</u>	<u>4,263,543</u>
	<u>11,038,016</u>	<u>9,767,342</u>

3. Operating profit

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Auditors' remuneration		
- audit services	5,898	6,300
(Gain)/loss on foreign exchange	<u>(271,343)</u>	<u>81,967</u>

4. Members' remuneration

	2014 £	2013 £
Profit for the financial year available for division among members	<u>2,174,461</u>	<u>2,093,269</u>

The profit that is attributable to the member with the largest entitlement to profits is £436,586 (2013: £274,827).

The average number of members during the year was 9 (2013: 8).

Notes to the financial statements (continued)

For the year ended 31 December 2014

5. Investments

	2014 £	2013 £
At 1 January	47,791	622
Additions	1,595	47,169
At 31 December	49,386	47,791

Fulcrum Asset Management LP

As at 31 December 2014 the LLP has an investment at cost in Fulcrum Asset Management LP of £622 (2013: £622). The LLP is the beneficial owner of Fulcrum Asset Management LP, a company incorporated in the state of Delaware in the USA on 28 February 2011. The main activity of the LP is the provision of marketing services.

Fulcrum Asset Management GP LLC

As at 31 December 2014 the LLP has an investment at cost in Fulcrum Asset Management GP LLC of £48,764 (2013: £47,169). The LLP is the beneficial owner of Fulcrum Asset Management GP LLC, a company incorporated in the state of Delaware in the USA on 28 February 2011. The LLC was established as an investment company.

6. Debtors

	2014 £	2013 £
Amounts due from members	1,967,412	1,566,911
Prepayments and accrued income	1,541,109	1,681,880
Amounts due from Fulcrum Asset Management LP	-	31,790
VAT	5	-
	3,508,526	3,280,581

7. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	922	26,038
Amounts due to Fulcrum Asset Management Limited	69,137	111,844
Amounts due to Fulcrum Asset Management LP	27,904	-
Amounts due to FAM Services Limited	221,798	869,050
Accruals	7,689	67,259
	327,450	1,074,191

Notes to the financial statements (continued)

For the year ended 31 December 2014

8. Reconciliation of movements in members' interests

	Members' capital £	Other reserves £	Members' other interests £	Loans and other debts due to/(from) members £	Members' total interests £
Members' interests at 31 December 2013	2,185,000	1,438,936	3,623,936	(697,861)	2,926,075
Profit available for discretionary division among members	-	2,174,461	2,174,461	-	2,174,461
Members' interests after profit for the year	2,185,000	3,613,397	5,798,397	(697,861)	5,100,536
Profit allocation	-	(1,438,936)	(1,438,936)	1,438,936	-
Drawings	-	-	-	(1,967,412)	(1,967,412)
Distributions	-	-	-	(541,358)	(541,358)
Other transactions	-	-	-	22,081	22,081
Members' interests at 31 December 2014	2,185,000	2,174,461	4,359,461	(1,745,614)	2,613,847
Owed from members				(1,967,412)	
Owed to members				221,798	
				(1,745,614)	

Notes to the financial statements (continued)

For the year ended 31 December 2014

9. Notes to the cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	2014 £	2013 £
Operating profit	2,170,601	2,107,064
Decrease/(increase) in debtors	172,556	(488,418)
(Decrease)/increase creditors	(99,489)	20,053
Net cash inflow from operating activities	<u>2,243,668</u>	<u>1,638,699</u>

(b) Analysis of cash flows for headings netted in the statement of cash flows

	2014 £	2013 £
Transactions with Members		
Capital contributions by members	-	15,000
Capital repaid to members	-	(5,000)
Drawings	(1,016,593)	(1,000,873)
Distributions	(1,492,177)	(431,404)
Other payments to members	22,081	371,835
	<u>(2,486,689)</u>	<u>(1,050,441)</u>

(c) Analysis of changes in net debt

	At 1 January 2014 £	Cash flows £	At 31 December 2014 £
Cash at bank	<u>1,369,755</u>	<u>240,756</u>	<u>1,128,999</u>

Notes to the financial statements (continued)

For the year ended 31 December 2014

10. Forward contracts

The LLP has entered into forward FX contracts in order to hedge against movements in exchange rates between USD and GBP. The fair value of the FX contracts as at the balance sheet date was as follows:

	2014	2013
	£	£
Pictet	<u>(174,604)</u>	<u>235,286</u>

11. Related parties

During the year, the LLP was charged management fees of £8,116,733 (2012: £6,430,256) from FAM Services Limited. At the year end £221,798 (2013: £869,050) was owed by the LLP to FAM Services Limited.

During the year, management and performance fees of £5,774,485 (2013: £2,966,047) became due from Fulcrum Asset Management Limited, the ultimate controlling party. Also during the year the LLP paid for expenses on behalf of Fulcrum Asset Management Limited of £nil (2013: £14,293).

At the year end there was a balance due to Fulcrum Asset Management Limited of £69,137 (2013: £111,844).

Included in creditors is an amount due to Fulcrum Asset Management LP of £27,904 (2013: £31,790 included in debtors) arising from trading activities in the period.

12. Parent undertaking and ultimate controlling party

The immediate parent undertaking of the LLP is FAM Services Limited which has included the LLP in its group financial statements, copies of which are available from its registered office at Marble Arch House, 66 Seymour Place, London, W1H 5BT. The ultimate controlling party is Fulcrum Asset Management Limited, a company registered in the Cayman Islands.