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Chartered Accountants

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AUDITOR'S REPORT

Limited Assurance Report on client assets by the Independent Auditor to the Financial Conduct Authority in respect of Albemarle Asset Management Limited, FCA reference number 226244

We report in respect of Albemarle Asset Management Limited ("the firm") on the matters set out below for the period started 1 January 2016 and ended 31 December 2016 ("the period").

Our report has been prepared as required by SUP 3.10.4R and is addressed to the Financial Conduct Authority ("the FCA") in its capacity as regulator of financial services under the Financial Services and Markets Act 2000.

This report is made solely to the FCA, in accordance with the terms of SUP 3.10.4R of the FCA Handbook. Our work has been undertaken so that we might state to the FCA those matters which we are required to state to it in an auditor's client assets 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 FCA, for our work, for this report, or for the opinions we have formed. Our report should not be disclosed to any third party or otherwise quoted or referred to without our prior written consent.#

Basis of opinion

We have carried out such procedures as we have considered necessary for the purposes of this report in accordance with the Client Asset Assurance Standard issued by the Financial Reporting Council.

The opinions relate only to the period, or as at the date, specified. The opinions do not provide assurance in relation to any future period or date.

Unmodified opinion

The scope of the firm's permission does not allow it to hold client money or custody assets.

The directors of the firm have stated that the firm did not hold client money or custody assets during the period. Based on review procedures performed, nothing has come to our attention that causes us to believe that the firm held client money or custody assets during the period.

Robert Nissen F.C.A (Senior Statutory Auditor)
For and behalf of Stein Richards Limited
Chartered Accountants and Statutory Auditors
10 London Mews
London
W2 1HY

Date: 24 April 2017

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

FOR

ALBEMARLE ASSET MANAGEMENT LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

ALBEMARLE ASSET MANAGEMENT LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2016

DIRECTORS:	U Borghesi M Bracali F C De Tomasi
SECRETARY:	M Bracali
REGISTERED OFFICE:	7 Old Park Lane Mayfair London W1K 1QR
REGISTERED NUMBER:	04745029 (England and Wales)
AUDITORS:	Stein Richards Chartered Accountants and Statutory Auditor 10 London Mews Paddington London W2 1HY

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2016

The directors present their strategic report for the year ended 31st December 2016.

REVIEW OF BUSINESS
The results for the year are set out on page 8 and show the profit on ordinary activities after taxation for the year as being £176,253 (2015: £1,382,221). At the year end, the net assets of the company amounted to £1,178,694 (2015: £2,382,441).

The directors consider the profit on ordinary activities after taxation for the year to be adequate given the volatility in the financial markets. The company profited from the recovery in financial markets during the last month of 2016 and hence increase in the value of the asset under management which is reflected in the results.

The company in 2016 continued to target business with institutional clients and to increase the value of the portfolio of the asset under management.

The objective for the company is to provide competent advice and generate absolute performance for its clients. The company competitive advantage remains its recognised and proven portfolio management strategy. Through it the company plans to avoid the main macroeconomic risks and smooth the market cycles minimising, as a consequence, any adverse impact on its revenue stream. The company does not expect to be affected, in the next financial year, by the decision of the United Kingdom to leave the European Union.

PRINCIPAL RISKS AND UNCERTAINTIES
The maintenance of high service and delivery standards are key to mitigating the inherent business risk. The status of this is measured continuously and performance reported monthly to the board.

The company is governed by its directors who determine its business strategy and risk appetite. The directors are also responsible for establishing and maintaining the company's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces. The directors will also determine how the risk the business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The directors meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, and business planning and risk management. The directors manages the company's risks though a framework of policies and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The directors have identified that business, operational, market and credit risks are the main areas of risk to which the company is exposed. The directors formally review their risks, controls and other risk mitigation arrangements and assess their effectiveness annually. Where the directors identify material risks they consider the financial impact of these risks as part of business planning and capital management and conclude whether the amount of regulatory capital is adequate.

STRATEGIC REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2016

KEY PERFORMANCE INDICATORS
The Company manages the business by reference to key performance indicators, the principal indicators are as follows:

Operating margins: 61.73% (2015: 65.94%) (gross profit/sales)

Turnover - £3,484,343 (2015: £5,500,487)

Liquidity ratio: 3.24 (2015: 2.95) (current assets/current liabilities)

The directors consider the company to be well financed at the year end

ON BEHALF OF THE BOARD:

M Bracali - Director

24th April 2017

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2016

The directors present their report with the financial statements of the company for the year ended 31st December 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing discretionary and advisory investment management services. The company also provides investment services in securities for professional clients and institutional investors in equities, bonds and currency markets.

The company is authorised and regulated by The Financial Conduct Authority.

DIVIDENDS

An interim dividend of 1.45263 per share was paid on 31st May 2016. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31st December 2016 will be £1,380,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2016 to the date of this report.

U Borghesi
M Bracali

Other changes in directors holding office are as follows:

F C De Tomasi was appointed as a director after 31st December 2016 but prior to the date of this report.

S A Williams and R Accornero ceased to be directors after 31st December 2016 but prior to the date of this report.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The directors have identified the following principal risks and uncertainties facing the company:

Counterparty credit risk exposures

The company adopts the standardised approach to credit risk. The company has the following exposures:
- Prepaid vendors
- If a fund or funds go under then fees owed may be outstanding.

Specific procedures are in place to cover these exposures.

Market risk

The company does not trade on its own account and therefore does not create any market risk in respect of its own business. Fees may be received in multiple currencies that require conversion to Sterling for payment to the company. This risk is minimal and the company has significant surplus cash balances which could absorb any revenue loss resulting from adverse currency fluctuations. In addition the company may decide discretional to hedge the currency risk when revenue amounts are known to mitigate any currency fluctuation.

Operational risk

The company is subject to the Fixed Overhead Requirement and is not therefore required to calculate and operational risk charge, although it considers the implications of this as an integral part of its ICAAP in identifying the level of risk-based capital required.

Regulatory risk

Any breaches in the regulated financial services sector leads to fines or disciplinary action both for the company and for the employees. The directors monitors closely actual and planned changes in regulation to ensure ongoing compliance with regulatory standards. The company also engages with the external professional consultants to assist in this process.

PILLAR 3 DISCLOSURES

The company has documented the disclosure required by the Financial Conduct Authority under BIPRU 11 on pages 22 to 26 of the financial statements. The company makes Pillar 3 disclosures annually.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2016

DIRECTORS INDEMNITY INSURANCE
The company has a directors indemnity insurance policy for the current and the previous year.

EVENTS AFTER THE YEAR END
In 2017 the company will proceed with carrying out the fund execution services internally.

A new fund based on a hedge strategy, launched in the latest part of 2016, was well received by market and is expected to have an additional positive impact on the overall income in 2017.

The company expects the economic and financial environment to remain volatile in 2017 as the Eurozone enters another period of uncertainty. However the company anticipate the turnover to grow modestly in 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Stein Richards, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M Bracali - Director

24th April 2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALBEMARLE ASSET MANAGEMENT LIMITED

We have audited the financial statements of Albemarle Asset Management Limited for the year ended 31st December 2016 on pages eight to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors 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 company's affairs as at 31st December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ALBEMARLE ASSET MANAGEMENT LIMITED

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 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Robert Nissen F.C.A. (Senior Statutory Auditor)
for and on behalf of Stein Richards
Chartered Accountants and Statutory Auditor
10 London Mews
Paddington
London
W2 1HY

24th April 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	31.12.16 £	31.12.15 £
TURNOVER	3	**3,484,343**	5,500,487
Cost of sales		**1,333,435**	1,873,397
GROSS PROFIT		**2,150,908**	3,627,090
Administrative expenses		**1,950,729**	2,006,831
		200,179	1,620,259
Other operating income		**29,000**	123,744
OPERATING PROFIT	6	**229,179**	1,744,003
Interest receivable and similar income		-	13
		229,179	1,744,016
Interest payable and similar expenses	7	-	2,931
PROFIT BEFORE TAXATION		**229,179**	1,741,085
Tax on profit	8	**52,926**	358,864
PROFIT FOR THE FINANCIAL YEAR		**176,253**	1,382,221
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**176,253**	1,382,221

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31ST DECEMBER 2016

	Notes	31.12.16 £	31.12.16 £	31.12.15 £	31.12.15 £
FIXED ASSETS					
Tangible assets	10		**14,723**		35,523
Investments	11		**91,000**		91,000
			105,723		126,523
CURRENT ASSETS					
Debtors	12	**1,256,380**		1,141,100	
Cash at bank		**296,080**		2,274,441	
		1,552,460		3,415,541	
CREDITORS					
Amounts falling due within one year	13	**479,489**		1,159,623	
NET CURRENT ASSETS			**1,072,971**		2,255,918
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,178,694**		2,382,441
CAPITAL AND RESERVES					
Called up share capital	16		**950,000**		950,000
Capital redemption reserve	17		**50,000**		50,000
Retained earnings	17		**178,694**		1,382,441
SHAREHOLDERS' FUNDS			**1,178,694**		2,382,441

The financial statements were approved and authorised for issue by the Board of Directors on 24th April 2017 and were signed on its behalf by:

M Bracali - Director

The notes form part of these financial statements

ALBEMARLE ASSET MANAGEMENT LIMITED (REGISTERED NUMBER: 04745029)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2016

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st January 2015	950,000	220	50,000	1,000,220
Changes in equity				
Total comprehensive income	-	1,382,221	-	1,382,221
Balance at 31st December 2015	950,000	1,382,441	50,000	2,382,441
Changes in equity				
Dividends	-	(1,380,000)	-	(1,380,000)
Total comprehensive income	-	176,253	-	176,253
Balance at 31st December 2016	950,000	178,694	50,000	1,178,694

The notes form part of these financial statements

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

	Notes	31.12.16 £	31.12.15 £
Cash flows from operating activities			
Cash generated from operations	1	**(371,234)**	1,601,729
Interest paid		**-**	(2,931)
Tax paid		**(227,127)**	(395,211)
Net cash from operating activities		**(598,361)**	1,203,587
Cash flows from investing activities			
Purchase of tangible fixed assets		**-**	(3,949)
Interest received		**-**	13
Net cash from investing activities		**-**	(3,936)
Cash flows from financing activities			
Equity dividends paid		**(1,380,000)**	-
Net cash from financing activities		**(1,380,000)**	-
(Decrease)/increase in cash and cash equivalents		**(1,978,361)**	1,199,651
Cash and cash equivalents at beginning of year	2	**2,274,441**	1,074,790
Cash and cash equivalents at end of year	2	**296,080**	2,274,441

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2016

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.16	31.12.15
	£	£
Profit before taxation	229,179	1,741,085
Depreciation charges	20,799	22,720
Finance costs	-	2,931
Finance income	-	(13)
	249,978	1,766,723
Increase in trade and other debtors	(115,279)	(3,081)
Decrease in trade and other creditors	(505,933)	(161,913)
Cash generated from operations	(371,234)	1,601,729

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31st December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	296,080	2,274,441

Year ended 31st December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	2,274,441	1,074,790

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

1. STATUTORY INFORMATION

Albemarle Asset Management Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The financial statements are presented in Sterling (£) which is also the company's functional currency. Monetary amounts in these financial statements are rounded to the nearest £.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover
Turnover represents the supply of services under a sub investment management agreement net of value added tax and are recognised on an accruals basis.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold property	- over 5 years
Fixtures, Fittings & Equipment	- 20% straight line
Computer equipment	- 25% straight line

Tangible fixed assets costing more than £250 are capitalised and included at cost.

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to the local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. However deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position dates.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

continued...

2. ACCOUNTING POLICIES - continued

Pension costs
The company operates a defined contributions plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity . Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in other creditors as a liability inn the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

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

Rental income
Rental income is recognised on a straight line basis over the term of the lease.

Fixed asset investments
Fixed asset investments are valued at cost less any provision if appropriate.

Financial assets
The company's principal financial assets consist of cash and cash equivalents and trade debtors. Trade debtors are measured initially at transaction price and subsequently at amortised cost.

Financial liabilities and equity instruments
The company's principal financial liabilities include trade creditors and accruals which are measured initially at transaction price and subsequently at amortised cost.

Cash and cash equivalents
For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and deposits held on call with the banks, all of which are available for use by the company unless otherwise stated.

Derivative financial instruments
Derivative financial instruments are recognised at fair value with any gains or losses being reported in the Statement of Income.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.16	31.12.15
	£	£
United Kingdom	-	6,699
European Union	3,484,343	5,493,788
	3,484,343	5,500,487

continued...

4. EMPLOYEES AND DIRECTORS

	31.12.16	31.12.15
	£	£
Wages and salaries	987,709	1,108,830
Social security costs	133,651	117,458
Other pension costs	50,827	43,573
	1,172,187	1,269,861

The average monthly number of employees during the year was as follows:

	31.12.16	31.12.15
Administration	9	9
Advisors	2	2
	11	11

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and a director.The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £50,827 (2015: £43,573).

The above disclosure includes the directors of the company.

5. DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT COMPENSATION

	31.12.16	31.12.15
	£	£
Directors' remuneration	560,109	658,872

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	4	4

Information regarding the highest paid director is as follows:

	31.12.16	31.12.15
	£	£
Emoluments etc	204,231	257,847

The directors of the company, are considered to be the key management personnel of the company. The benefits comprises of salary and bonuses earned during the current and the previous year.

continued...

6. OPERATING PROFIT

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

	31.12.16	31.12.15
	£	£
Depreciation - owned assets	20,800	22,721
Auditors' remuneration	12,370	14,525
Foreign exchange differences	89,624	41,713
Fees to Auditors' for accounting services	11,965	4,013

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.16	31.12.15
	£	£
Interest on taxes	-	2,931

8. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	31.12.16	31.12.15
	£	£
Current tax:		
UK corporation tax	52,926	358,864
Tax on profit	52,926	358,864

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.16	31.12.15
	£	£
Profit before tax	229,179	1,741,085
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	45,836	352,570
Effects of:		
Expenses not deductible for tax purposes	4,203	4,064
Depreciation in excess of capital allowances	2,887	2,230
Total tax charge	52,926	358,864

Reductions in the UK corporation tax rate from 20% (effective from 1 April 2015) to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

In the Budget on 8 March 2017, the Chancellor announced additional planned reductions to 17% by April 2020.

continued...

9. **DIVIDENDS**

	31.12.16	31.12.15
	£	£
Ordinary shares of £1 each		
Interim	1,380,000	-

10. **TANGIBLE FIXED ASSETS**

	Short leasehold property	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£
COST				
At 1st January 2016				
and 31st December 2016	63,691	40,952	47,288	151,931
DEPRECIATION				
At 1st January 2016	41,925	33,799	40,684	116,408
Charge for year	12,738	3,787	4,275	20,800
At 31st December 2016	54,663	37,586	44,959	137,208
NET BOOK VALUE				
At 31st December 2016	9,028	3,366	2,329	14,723
At 31st December 2015	21,766	7,153	6,604	35,523

11. **FIXED ASSET INVESTMENTS**

Investments (neither listed nor unlisted) were as follows:

	31.12.16	31.12.15
	£	£
Paintings	86,000	86,000
Antique books	5,000	5,000
	91,000	91,000

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.16	31.12.15
	£	£
Trade debtors	1,067,418	985,774
Other debtors	66,259	79,194
VAT	19,742	10,201
Prepayments and accrued income	102,961	65,931
	1,256,380	1,141,100

continued...

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.16	31.12.15
	£	£
Trade creditors	214,387	584,480
Tax	52,926	227,127
Social security and other taxes	27,023	27,939
Other creditors	4,363	3,358
Dividends payable	6,500	6,500
Accrued expenses	174,290	310,219
	479,489	1,159,623

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.16	31.12.15
	£	£
Within one year	55,146	-
Between one and five years	-	128,674
	55,146	128,674

15. FINANCIAL INSTRUMENTS

The financial assets measured at amortised cost as at 31 December 2016 are in the sum of £1,133,677 (2015: £1,064,968). This comprise of trade and other debtors.

The financial liabilities measure at amortised cost as at 31 December 2016 are in the sum of £218,750 (2015: £587,838). This comprise of trade and other creditors

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.16	31.12.15
			£	£
950,000	Ordinary	£1	950,000	950,000

17. RESERVES

	Retained earnings	Capital redemption reserve	Totals
	£	£	£
At 1st January 2016	1,382,441	50,000	1,432,441
Profit for the year	176,253		176,253
Dividends	(1,380,000)		(1,380,000)
At 31st December 2016	178,694	50,000	228,694

continued...

18. ULTIMATE PARENT COMPANY

At the balance sheet date, Alma Grand S.A., a company incorporated in Luxembourg, was the immediate and ultimate parent company of Albemarle Asset Management Limited for the current and the previous year

The ultimate controlling party is Mr. Umberto Borghesi by virtue of his shareholding in Alma Grand S.A.

19. RELATED PARTY DISCLOSURES

During the year management, performance and retrocession fees of £1,842,332 (2015: £3,789,611) were receivable from a company in which a key management personnel is also a director. The balance owed to the company at the year end is £544,187 (2015: £576,391).

During the year serviced office rent of £24,000 (2015: £24,000) and compliance fees of £5,000 (2015 : £6,000) were receivable from a company in which a beneficial shareholder has a material interest. The balance owed to the company at the year end is £6,000 (2015: £6,000).

Included in other debtors are interest free loans of £26,411 (2015: £43,198) given to the key management personnel of the company.

20. TRANSITION TO FRS 102

The company adopted FRS 102 for the first time in the year ended 2015. No adjustments arose on transition and no adjustments were required to be made to the comparative period.

ALBEMARLE ASSET MANAGEMENT LIMITED (REGISTERED NUMBER: 04745029)

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2016

	31.12.16		31.12.15	
	£	£	£	£
Turnover				
Performance fees	526,851		2,557,531	
Advisory fees	79,059		89,114	
Management fees	2,878,433		2,844,661	
Retrocession fees	-		6,802	
Consultancy fees	-		2,379	
		3,484,343		5,500,487
Cost of sales				
Performance fees payable	50,171		491,991	
Commission payable	456,429		394,235	
Advisory fees	805,332		911,690	
Consultancy fees	21,503		75,481	
		1,333,435		1,873,397
GROSS PROFIT		2,150,908		3,627,090
Other income				
Rents receivable	24,000		24,000	
Professional fees	5,000		6,000	
Profit on foreign currency contracts	-		93,744	
Deposit account interest	-		13	
		29,000		123,757
		2,179,908		3,750,847
Expenditure				
Rent and rates	160,717		158,324	
Insurance	21,315		21,516	
Light and heat	3,788		4,494	
Directors' salaries	560,109		658,872	
Wages and salaries	427,600		449,958	
Employers NI	133,651		117,458	
Pensions	50,827		43,573	
Telephone and Internet service	7,128		16,011	
Printing, postage & stationery	11,509		9,387	
Data subscription services	88,731		84,024	
Repairs and renewals	332		348	
Cleaning	3,791		3,556	
Staff Welfare	7,564		6,666	
VAT on expenses	1,289		273	
General expenses	5,281		7,304	
Accountancy	11,965		4,013	
Recruitment costs	4,781		-	
Legal and Professional Fees	74,976		41,266	
Regulatory and compliance cost	49,624		69,600	
Auditors' remuneration	12,370		14,525	
Donations	30,000		-	
Carried forward	1,667,348	2,179,908	1,711,168	3,750,847

This page does not form part of the statutory financial statements

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2016

	31.12.16		31.12.15	
	£	£	£	£
Brought forward	1,667,348	2,179,908	1,711,168	3,750,847
Advertising and marketing	9,488		7,613	
Entertainment	21,308		20,372	
Travelling expenses	36,160		43,982	
Computer support and maintenance	102,489		63,074	
		1,836,793		1,846,209
		343,115		1,904,638
Finance costs				
Bank charges	3,513		2,445	
(Profit)/loss on foreign exchange	(182,029)		135,457	
Loss on foreign contracts	271,653		-	
Interest on taxes	-		2,931	
		93,137		140,833
		249,978		1,763,805
Depreciation				
Short leasehold property	12,738		12,738	
Fixtures and fittings	3,787		3,885	
Computer equipment	4,274		6,097	
		20,799		22,720
NET PROFIT		229,179		1,741,085

This page does not form part of the statutory financial statements

PILLAR 3 RISK DISCLOSURE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

The information provided on the pages twenty two to twenty six are required to be disclosed in accordance with the rules adopted by the Financial Conduct Authority and does not form part of the audited financial statements.

Introduction and background
The Capital requirements Directive ('the Directive') of the European Union establishes a revised regulatory capital framework across Europe governing the amount and nature of capital credit institutions and investment firms must maintain. In the United Kingdom, the Directive has been implemented by the Financial Conduct Authority ('FCA') in its regulations through the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment firms ('BIPRU'). The FCA framework consist of three pillars:

- Pillar 1 sets out the minimum capital amounts that meets the Company's credit, market and operational risk;

- Pillar 2 requires the firm to assess whether its Pillar 1 capital is adequate to meet its risks and is subject to annual review by the FCA; and

- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosures. This document is designed to meet the Company's Pillar 3 obligations.

Investment firms are permitted to omit required disclosures if they believe that the information is immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, they may omit required disclosures where they believe that the information is regarded as proprietary or confidential. In the Company's view, proprietary information is that which, if it were shared, would undermine their competitive position. Information is considered to be confidential where there are obligations binding the Company to confidentiality with clients, suppliers and counterparts. No omissions have been made on the grounds that it is proprietary or confidential and it has been clearly stated within the specific risk where it is felt that disclosure would be immaterial.

The Company's Pillar 3 disclosures are set out below.

Risk management objectives and policies
The Company is governed by its directors who determine its business strategy and risk appetite. The directors are also responsible for establishing and maintaining the Company's governance arrangements along with designing and implementing a risk management framework that recognises the risks that the business faces. The directors also determine how the risk the business faces may be mitigated and assess on an ongoing basis the arrangements to manage those risks. The directors are responsible for the preparation of projections for profitability, cash flow, regulatory capital management and business planning and risk management. The directors manage the Company's risks through a framework of policies and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim to operate a defined and transparent risk management framework. These policies and procedures are updated as required.

The directors have identified that business, reputational, operations, market and credit risks are the main areas of risk to which the Company is exposed. Annually the directors formally review the risks, controls and other risk mitigation arrangements to assess their effectiveness. Where the directors identify material risks they consider the financial impact of these risks as part of the business planning and capital management and concludes whether the amount of regulatory capital is adequate. The general objective is to develop systems and controls to mitigate risk to a level that does not require the allocation of Pillar 2 capital.

Scope and application of the requirements
The Company is authorised and regulated by the Financial Conduct Authority and as such it is subject to consolidated minimum regulatory capital requirements. The Company is a small firm with a simple operational infrastructure. The nature of the Company's business is investment management, the risks to which the Company is exposed are principally those of a fiduciary and operational in nature and are managed according to the Company's operational and compliance risk guidelines including its ethical standards.

PILLAR 3 RISK DISCLOSURE STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

The Company is a BIPRU Euro 50,000 limited licence firm registered with the FCA (FRN No.226244) and lodges its financial statements with Companies House (Registration No.04745029).

Capital Resources
The capital resources of the Company are made up of the Ordinary Share Capital and the Profit and Loss reserve account. Where applicable current year losses are also taken into account. The capital therefore all qualifies as Tier 1 capital.

As the Company is a limited licence firm its capital requirements are the greater of:

- Its base capital requirement of Euro 50,000
- The sum of its market and credit risk requirements
- Its Fixed Overhead Requirements ('FOR')

It is the Company's experience that the capital requirement of the firm is the fixed overhead requirement and not the sum of market and credit risk. For the purpose of this calculation disclosures relating to credit and market risks are therefore considered to be immaterial in consideration in the assessment of the business. As at 31 December 2016 the Company has £1,178,694 of share capital and reserves with a FOR of £416,000 and therefore the Company has substantive excess resources over its regulatory capital requirements (see detailed table below)

Capital item	**£'000s**
Tier 1 less innovative tier 1 capital	1,178
Total tier 2, innovative tier 1 and tier 3 capital	0
Deductions from tier 1 and tier 2 capital	0
Total capital resources, net of deductions	1,178

Compliance with BIPRU 3, BIPRU 4, BIPRU 6, BIPRU 7, BIPRU 10 and the overall Pillar 2 rule
Under Pillar II of the Capital Resources Directive the Company is required to establish an Internal Capital Adequacy Assessment Process (ICAAP). This is an ongoing process. The data and assumptions used in the assessment of risk and capital adequacy are continually assessed and updated. This includes stress testing of various scenarios. Should new risks materialise or be identified by the Company, these risks will be incorporated into the overall review process. As an investment manager the major risks the Company is exposed to are fiduciary and operational risk. There is also additional exposure to credit and reputation risk.

Retail Exposures
The Company does not have any retail exposures.

Equity exposures
The Company does not have any equity exposures.

Counterparty credit risk exposures/Credit risk and dilution
The Company adopts the standardised approach to credit risk. The Company has the following exposures for which specific procedures are in place to cover these exposure.
- Prepaid vendors.
- If a fund or funds became insolvent then fees owed may be irrecoverable.

Value adjustments and provisions
The Company is not required to make any value adjustments or provisions.

The Company calculates the risk weighted exposure amounts in accordance with the standardised approach.
This is not applicable as the Company uses the simplified method of calculating risk weights.

The calculation of risk weighted exposure amounts in accordance with IRB approach
The Company does not have specialised lending exposures or equity exposures.

Market risk
The Company does not trade on its own account and therefore does not create any market risk in respect of its own business. Fees may be received in multiple currencies that require conversion to Sterling for payment to the Company. This risk is minimal and the Company has significant surplus cash balances which could absorb any revenue loss resulting from adverse currency fluctuations. In addition the Company may decide discretionally to hedge the currency risk when revenue amounts are known to mitigate any currency fluctuation.

Use of VaR model for the calculation of market risk capital requirement
The Company does not use the VaR model for calculation of market risk as the Company does not trade on its own account and therefore does not create any market risks.

Operational risk
The Company is subject to the 'FOR' and is not therefore required to calculate an operational risk charge, although it considers the implications of this as an integral part of its ICAAP in identifying the level of risk-based capital required.

Non-trading book exposures in equities
The Company does not have any non-trading book exposures in equities.

Exposures to interest rate risk in the non-trading book
The Company has minimal or no exposure to interest rate risk. The Company has no borrowings and therefore interest rate fluctuations will not materially affect the Company in this respect.

Securitisation
The Company is not involved in the securitisation of assets.

PILLAR 3 REMUNERATION CODE STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

Scope and application of the requirements

BIPRU 11.5 sets out the disclosure requirements in relation to the remuneration of code staff which all FCA regulated firms are required to comply. The Company is a Level 3 firm and the following disclosures are intended to fully satisfy the requirements of the remuneration code ("the Code").

Disclosure of compliance with Remuneration Code

The Company has in place internal policies, practices and procedures consistent with the FCA's rules and regulations for Level 3 firms. The board of directors form the remuneration committee and the directors fully acknowledge their responsibilities under the code including their overriding responsibility to ensure that the Company's remuneration policies, practices and procedures:

- are in line with the business strategy, objectives and long-term interests and values of the Company;
- are consistent with and promote sound and effective risk management and do not encourage risk taking that exceeds the level of tolerated risk of the Company;
- are appropriate to attract, motivate and retain suitable staff;
- are representative of the underlying performance of the business and do not reward individuals for poor performance; and
- include measures to avoid conflicts of interest.

The following disclosures have been made in accordance with the FCA rules and regulations as outlined under BIPRU 11.5.18 and SYSC 19A, specifically in the context of the Company's obligations under the FCA's remuneration code.

As permitted by the Code, the Company has adopted the FCA's proportionality approach for Level 3 firms in applying the requirements of the Code. All decisions in relation to the remuneration of code staff are made and approved by the Company's remuneration committee, with no input from external consultants. Remuneration is determined with reference to a number of factors including, but not limited to, the performance of the individual, the Company and the individual's adherence to the Company's risk management and compliance procedures.

Variable remuneration which is paid in the form of bonuses is only awarded after full consideration of these factors together with an assessment of any current or potential risks to the business in the context of these payments.

In accordance with the FCA's proportionality approach for Level 3 firms, the Company has elected not to apply the FCA's specific regulatory requirements in relation to the fixed and variable elements of total remuneration; the payment of variable remuneration through retained shares or other instruments; the deferral of these payments; or performance adjustments.

The remuneration committee believes that its remuneration policies, procedures and practices are fully aligned with the objectives of funds under management and its client investors and that the payment of variable remuneration is therefore aligned to the performance and success of the funds which the Company acts as investment manager or advisor.

The Company's code staff, all of whom have been approved by the FCA under section 59 of the Financial Services and Markets Act 2000 Act to perform a controlled function, received aggregate remuneration of £560,109 during the year ended 31 December 2016.

PILLAR 3 STEWARDSHIP CODE STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2016

Introduction
The Stewardship Code ("the code") was published by the Financial Reporting Council ("FRC"), the UK's independent regulator responsible for promoting high quality corporate governance and reporting in order to foster investment. The code sets out good practice for institutional investors in their dealings with the companies in which they have invested.

Disclosure obligations
The FCA's regulations outline a Company's obligations in relation to the code and for Companies who manage assets for corporate professional clients to disclose to these clients the nature of their commitment to the code, or where it does not commit to the code its alternate business model.

Although the Company recognises the aims and benefits of the code the Company's investment strategy is such that it does not engage directly with companies in which the Company's clients have invested and therefore the code in the context of Company's investment strategy does not apply and the Company does not consider that its clients expect such engagement. It is however important to note that the Company's investment strategy is specifically structured to maximise investment gains and enhance shareholders value and that it constantly monitors investments, would act collectively with other institutional investors where appropriate and has developed internal policies and procedures for managing conflicts of interest.

The above non commitment disclosure fully encompasses the Company's regulatory obligations in complying with the FRC's Stewardship code and the FCA's regulatory requirements.

The code sets out good practice on engagement with investee companies to which the Financial Reporting Council believes institutional investors should aspire. The code is applied on a 'comply or explain' basis.

The seven principles of the code are that institutional investors should:

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities.

2. Have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

3. Monitor their investee companies.

4. Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

5. Be willing to act collectively with other investors where appropriate.

6. Have a clear policy on voting and disclosure of voting activity.

7. Report periodically on their stewardship and voting activities.