

Sanctum FI LLP
Report And Financial Statements
31 March 2016



INFORMATION

Designated Members	A J Mayhew S Mellor Sanctum Fixed Income Limited
Members	J H Corn CZI II-Sanctum Holdings, Ltd
Registered office	12 Hay Hill London W1J 8NR
Independent auditor	Rees Pollock 35 New Bridge Street London EC4V 6BW
Bankers	HSBC plc 88 The Broadway Muswell Hill London N10 3RX
Solicitors	Iliad Consulting LLP 18b Charles Street London W1J 5DU
LLP registered number	OC304321

MEMBERS' REPORT

For the Year Ended 31 March 2016

The members present their annual report together with the audited financial statements of Sanctum FI LLP (the LLP) for the year ended 31 March 2016.

Principal activities

The principal activity of the LLP during the year was that of fund management. The members intend to continue to develop the business.

Members

The following were members during the year (* symbolises designated members):

A J Mayhew*

S Mellor*

Sanctum Fixed Income Limited*

J H Corn (resigned as designated member and appointed as member on 1 April 2015)

CZI II-Sanctum Holdings, Ltd

Policy with regard to members' drawings and subscriptions and repayment of members' capital

Members share profits and losses in accordance with agreed profit sharing agreements.

Members' capital and drawings are determined by the regulatory capital requirements of the Financial Conduct Authority (FCA) and any trading needs of the LLP. Members' capital is not repayable except where allowed under FCA rules.

Pillar III disclosures

The firm has documented the disclosures required by the FCA under BIPRU 11. These are available from the registered office.

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law, as applied to LLP's, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLP's, 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;
- 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 Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. 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.

MEMBERS' REPORT (continued)
For the Year Ended 31 March 2016

Stewardship Code

In relation to FSA 2010/57 Conduct of Business Sourcebook (Stewardship Code) Instrument 2010, it may be noted that the firm is a hedge fund manager with only one client, the Sanctum Fixed Income Fund, L.P. This fund invests only in government bonds and US government bond derivatives. There are thus no investee companies for the firm to interact with, or shareholder value to protect, and the Code cannot therefore have any application in relation to the firm's activities as an asset manager. Sanctum will keep the position under review and should it consider expanding its range of activities it will determine whether the Code is likely to become applicable to its asset management activities and act accordingly to ensure compliance with the Code and the associated rules of the FCA or any successor regulator.

Disclosure of information to auditor

Each of the persons who are members at the time when this members' report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditor is unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Rees Pollock has indicated their willingness to continue as auditors.

This report was approved by the members on _____ and signed on their behalf by:



A J Mayhew

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANCTUM FI LLP

We have audited the financial statements of Sanctum FI LLP for the year ended 31 March 2016, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the 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 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 Financial Reporting Council'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 LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the members' report to identify material inconsistencies with the audited financial statements 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 LLP's affairs as at 31 March 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, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Philip Vipond (senior statutory auditor) for
and on behalf of
Rees Pollock, Statutory Auditor

22 June 2016

PROFIT AND LOSS ACCOUNT
For the Year Ended 31 March 2016

	Note	2016 £	2015 £
TURNOVER	3	2,874,549	2,254,546
Cost of sales		(48,020)	(9,515)
GROSS PROFIT		2,826,529	2,245,031
Administrative expenses		(1,139,248)	(909,432)
OPERATING PROFIT	4	1,687,281	1,335,599
Interest receivable and similar income		687	279
Interest payable and expenses		(165)	-
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		1,687,803	1,335,878

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 9 to 11 form part of these financial statements.

BALANCE SHEET
As at 31 March 2016

	Note	2016 £	2015 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	696,913	1,039,345
Cash at bank and in hand		926,947	222,849
		<u>1,623,860</u>	<u>1,262,194</u>
Creditors: amounts falling due within one year	8	(65,313)	(41,984)
NET CURRENT ASSETS		<u>1,558,547</u>	<u>1,220,210</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>1,558,547</u>	<u>1,220,210</u>
REPRESENTED BY:			
LOANS AND OTHER DEBTS DUE TO MEMBERS WITHIN ONE YEAR			
Other amounts	9	1,331,047	992,710
MEMBERS' OTHER INTERESTS			
Members' capital classified as equity		227,500	227,500
		<u>1,558,547</u>	<u>1,220,210</u>
TOTAL MEMBERS' INTERESTS			
Loans and other debtors due to members	9	1,331,047	992,710
Members' other interests		227,500	227,500
		<u>1,558,547</u>	<u>1,220,210</u>

The LLP's financial statements have been delivered in accordance with the provisions applicable to LLPs subject to the small LLPs regime.

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



A J Mayhew
Designated member

The notes on pages 9 to 11 form part of these financial statements.

RECONCILIATION OF MEMBERS' INTERESTS AND STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2016

	EQUITY			DEBT		
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
	Members' capital (classified as equity)	Other reserves	Total	Other amounts	Total	Total members' interests
	£	£	£	£	£	£
Amounts due to members				558,543	558,543	
Amounts due from members				(45,955)	(45,955)	
BALANCE AT 1 APRIL 2014	182,000	-	182,000	512,588	512,588	694,588
Profit for the year available for discretionary division among members	-	1,335,878	1,335,878	-	-	1,335,878
MEMBERS' INTERESTS AFTER PROFIT FOR THE YEAR	182,000	1,335,878	1,517,878	512,588	512,588	2,030,466
Allocated profit for the year	-	(1,335,878)	(1,335,878)	1,335,878	1,335,878	-
Capital introduced by members	69,150	-	69,150	-	-	69,150
Capital repaid to members	(23,650)	-	(23,650)	-	-	(23,650)
Amounts withdrawn by members	-	-	-	(427,686)	(427,686)	(427,686)
Corporate member recharge net of drawings	-	-	-	(428,070)	(428,070)	(428,070)
Amounts due to members				992,710	992,710	
BALANCE AT 31 MARCH 2015	227,500	-	227,500	992,710	992,710	1,220,210
Profit for the year	-	1,687,803	1,687,803	-	-	1,687,803
MEMBERS' INTERESTS AFTER PROFIT FOR THE YEAR	227,500	1,687,803	1,915,303	992,710	992,710	2,908,013
Allocated profit for the year	-	(1,687,803)	(1,687,803)	1,687,803	1,687,803	-
Amounts withdrawn by members	-	-	-	(1,562,893)	(1,562,893)	(1,562,893)
Corporate member recharge net of drawings	-	-	-	213,427	213,427	213,427
Amounts due to members				1,331,047	1,331,047	
BALANCE AT 31 MARCH 2016	227,500	-	227,500	1,331,047	1,331,047	1,558,547

The notes on pages 9 - 11 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2016

	2016	2015
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,687,803	1,335,878
ADJUSTMENTS FOR:		
Interest paid	165	-
Interest received	(687)	(279)
Decrease / (Increase) in debtors	342,432	(1,002,063)
Increase in creditors	23,329	4,276
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,053,042	337,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	687	279
NET CASH FROM INVESTING ACTIVITIES	687	279
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(165)	-
Members' capital contributed	-	69,150
Members' capital repaid	-	(23,650)
Distribution paid to members	(1,562,893)	(427,686)
Amounts paid to / (received from) corporate member	213,427	(428,070)
NET CASH USED IN FINANCING ACTIVITIES	(1,349,631)	(810,256)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	704,098	(472,165)
Cash and cash equivalents at beginning of year	222,849	695,014
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	926,947	222,849
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	926,947	222,849
	926,947	222,849

The notes on pages 9 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Sanctum FI LLP is a Limited Liability Partnership registered in the United Kingdom. The entity's registered address is 12 Hay Hill, Mayfair, London, W1J 8NR.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the entity's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Revenue

Revenue represents fees receivable during the period for investment management services. Management fees are recognised over the period in which management services are provided. Performance fees, which are based on the investment performance achieved for certain client portfolios relative to predefined benchmarks, are recognised as revenue at the end of the period over which the performance is measured.

1.3 Financial instruments

The entity does not trade in financial instruments and all such instruments arise directly from operations. All trade and other debtors are initially recognised at transaction value, as none contain in substance a financing transaction. Thereafter trade and other debtors are reviewed for impairment where there is objective evidence based on observable data that the balance may be impaired. The entity does not hold collateral against its trade and other receivables so its exposure to credit risk is the net balance of trade and other debtors after allowance for impairment. The entity's cash holdings comprise on demand balances. All cash is held with banks with strong external credit ratings. Trade and other creditors and accruals are initially recognised at transaction value as none represent a financing transaction. They are only derecognised when they are extinguished. As the entity only has short term receivables and payables, its net current asset position is a reasonable measure of its liquidity at any given time.

1.4 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.5 Members' profit allocation

A members' discretionary share in the profit or loss for the year is accounted for as an allocation of profits. Any unallocated profits and losses are included within other reserves.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The designated members do not consider that there are any material judgemental areas or significant estimates.

3. TURNOVER

The turnover and operating profit for the year was derived from the LLP's principal continuing activity which was carried out wholly within the United Kingdom.

4. OPERATING PROFIT

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

	2016 £	2015 £
Auditor's remuneration	11,000	11,000
Auditor's remuneration - non-audit	5,220	5,220
Exchange differences	(19,172)	5,199
	<u> </u>	<u> </u>

5. EMPLOYEES

The entity has no employees other than the members (2015: nil).

6. INFORMATION IN RELATION TO MEMBERS

	2016 Number	2015 Number
The average number of members during the year was	<u>5</u>	<u>5</u>
	£	£
The amount of profit attributable to the member with the largest entitlement was	<u>1,039,410</u>	<u>786,813</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

7. DEBTORS

	2016 £	2015 £
Other debtors	8,540	8,540
Prepayments and accrued income	688,373	1,030,805
	<u>696,913</u>	<u>1,039,345</u>

8. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	35,356	26,784
Accruals and deferred income	29,957	15,200
	<u>65,313</u>	<u>41,984</u>

9. LOANS AND OTHER DEBTS DUE TO MEMBERS

	2016 £	2015 £
Amounts due to members	(1,331,047)	(992,710)
	<u>(1,331,047)</u>	<u>(992,710)</u>

10. RELATED PARTY TRANSACTIONS

During the period the LLP was charged £991,624 (2015: £751,724) in respect of expenses incurred on its behalf by Sanctum Fixed Income Limited. The LLP and Sanctum Fixed Income Limited are under common control. At the year end an amount of £343,898 (2015: £130,473) was due to Sanctum Fixed Income Limited.

11. CONTROLLING PARTY

The ultimate controlling party is A J Mayhew.