

**JB Capital Management LLP
(formerly Widecast Capital LLP)**

**Members' report and audited financial
statements**

for the year ended 31 December 2019

Registered number: OC401042



LLP information

Designated members	S Herrero JB Capital Management (Services) Ltd (formerly Widecast (Services) Limited
LLP Registered number	OC401042
Registered office	24 Berkeley Square London W1J 6EJ
Independent auditor	Deloitte LLP 110 Queen Street Glasgow G1 3BX
Bankers	Barclays Bank Plc 1 Churchill Place Canary Wharf London E14 5HP

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Strategic report

for the year ended 31 December 2019

Principal activity

The principal activity of the LLP during the year was the provision of investment management services.

Business review

During the period since 31 December 2019, the LLP changed its name from Widecast Capital LLP to JB Capital Management LLP.

On 1 April 2016 the LLP gained regulatory approval from the FCA.

Future developments have been addressed in the members' report.

The LLP had a profit for the financial year after members' remuneration charged as an expense of £1,582,915 (2018: £688,084). At the balance sheet date, the LLP had total member's interests of £3,174,110 (2018: £1,856,153).

Key performance indicators ("KPI")

Given the nature of the business the members are of the opinion that analysis using KPIs is not necessary for an understanding of the developments, performance or position of the business.

Financial risk management

The LLP operates systems and controls to mitigate any adverse effects across a range of risks it faces.

The principal risks and uncertainties faced by the LLP are those inherent within the financial-services industry, but primarily include:

- Credit risk – exposed to counterparties not fulfilling their obligations.
- Operational risk- incurring losses resulting from inadequate or failed internal and external processes, systems and human error or from external events.
- Regulatory risk – subject to the effects of change in the laws, regulations, policies and interpretations and any accounting standards in the markets in which it operates.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and on-going review by management. Compliance with regulation, legal and ethical standards is a high priority for the LLP and the compliance team and finance department take on an important oversight role in this regard.

The finance department is responsible for satisfying themselves that a proper internal control framework exists to manage financial risks and that controls operate effectively.

Strategic report

for the year ended 31 December 2019

Financial risk management (continued)

The LLP has developed a framework for identifying the risks that it is exposed to and their impact on economic capital.

This process is risk based to manage its capital requirements and to ensure that the LLP has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of the regulator.

This report was approved by the members on 23 April 2020 and signed on their behalf by:



S Herrero

Designated member



A A Gomez

for and on behalf of JB Capital Management
(Services) Ltd
(Designated member)

Members' report

for the year ended 31 December 2019

The Members present their annual report together with the audited financial statements of JB Capital Management LLP ('the LLP') for the year to 31 December 2019.

Going concern

Despite the circumstances sadly affecting so many people far and wide, fortunately staff has not been affected and activities remained unaltered through this period of uncertainty. Triggered at the outset of the outbreak, the thoughtful planning and investment in our continuity plans have proven invaluable, splitting teams to minimise the risk of infection and working remotely through secure connections to several replicated data centers.

Other than losing some direct human interaction, activities have continued without interruption, no issues have been encountered and remote working will continue until the situation stabilises.

Notwithstanding the uncertainty about the medium to long term implications of this pandemic in the global economy, the potential impact in the finances of the LLP have been assessed bearing in mind the nature of the fund under management, its shareholders, the investment strategies, the risk profile and composition of the portfolios, the sound operational infrastructure and business continuity plan and also the reliability of service providers.

No redemption request have been received following the outbreak and the global impact in the value of the assets under management since the beginning of the year to the end of the first quarter has been limited.

Performance of funds under management compared to some benchmarks to the end of first quarter showed a diverse and generally constrained impact. Initial figures at the end of the second week of April showed a recovery, so no indication of further deterioration has materialised so far.

Additionally, several scenarios on potential further deterioration have been analysed based on different assumptions, all directly distressing the income of the Firm through different drops in the value assets under management, excluding any performance income.

Unless there is any material change in the current situation and activities, no requirement for additional overheads is expected. The financial tolerance to drops in the value of assets under management is relatively high, reaching breakeven only after significant and possibly unlikely deterioration.

The regulatory capital surplus accumulated from previous years' results, would offer a very healthy safeguard in case of further unprecedented losses. Furthermore, being part of a wider group, the LLP could benefit from additional operational and financial support if needed. It is worth noting that all functions have a back-up in case of absence, illness or departure, so continuity would be ensured in those circumstances for a period of time.

Finally, the LLP, despite being of relatively small size, engaged highly reputable professional service providers, accountants, auditors, legal and compliance advice, IT support, fund administrator and prime broker. All service providers have triggered some form of contingency plan and so far, no issues have been encountered during this period, allowing business to continue as normal. Several bilateral conversations have taken place to assess mutual business continuity and associated potential risks.

Members' report

for the year ended 31 December 2019

Going concern (continued)

In summary, and although uncertainty remains, as a result of thoughtful planning, appropriate investment and selection of service providers and good management, the Firm has sustained a limited impact from the COVID'19 outbreak. Initial drops in the value of assets under management have been partially recovered and as it stands, there is no reason to think on any going concern issues in the near future.

Having assessed the main risks, the members considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements. Their assessment covered a period of 12 months from the date of signing of the financial statements.

Going concern is also discussed in note 2.3.

Future developments

The members are satisfied with the results for the year and anticipate continued growth which is dependent on market conditions and business performance.

Pillar 3 Disclosures

Details of the LLP's unaudited Pillar 3 and stewardship code disclosures of the LLP as required under Chapter 11 of the Financial Conduct Authority's Prudential Source book for Banks, Building Societies and Investment Firms ("BIPRU") are attached as an appendix to these financial statements on pages 24-31. These disclosures are unaudited.

Designated members

The designated members of the LLP who were in office during the year and to the date of signing the financial statements were as follows:

S Herrero

JB Capital Management (Services) Limited

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

During the year no new capital (2018 - £ Nil) was contributed to the LLP by its members. Any capital is contributed in accordance to the terms set in the LLP agreement dated 3 October 2016.

Members may contribute further capital with the agreement of the management committee. No member is entitled to interest on his capital contribution. No member may be required to contribute any further capital on the insolvency of the LLP.

No member has the right to withdraw or receive back any part of the amount standing to the credit of his capital account. The LLP shall have discretion to return some or all of the amount standing to the credit of a member's capital account subject to agreement from the FCA or an equal amount of capital being contributed by the LLP or another member.

Profit shall be divided between the members as per the LLP agreement.

The management committee have discretion to determine the level of drawing that members can take in anticipation of their profit entitlement. Members are entitled to withdraw from the LLP any amounts standing to the credit of that member's distribution account.

Members' report

for the year ended 31 December 2019

Policy of members' drawings, subscriptions and repayment of members' capital (continued)

The LLP will indemnify and hold harmless each Member and Former Member from and against any direct losses, claims, payments or other liabilities (including reasonably incurred costs and expenses) which may be suffered or incurred by him:

- in the ordinary conduct of the Business;
- in or about anything necessarily done for the preservation of the Business or
- any of the property or assets of the LLP; or
- otherwise in connection with or arising out of his membership of the LLP or his participation in the management of the LLP and its affairs or with the Business generally.

Members' responsibilities statement

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

Company law, as applied to limited liability partnerships, by the Limited Liability (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 ("the Regulations") requires the members to prepare Annual Reports and financial statements for each financial year. Under that law, the members have elected to prepare the LLP's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company Law, as applied to limited liability partnerships, 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 and 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 IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the Annual Report and 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

for the year ended 31 December 2019

Statement of disclosure of information to auditor

Each of the Members confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

The auditors, Deloitte LLP, have indicated their willingness to continue in office and a resolution will be proposed for their re-appointment at the forthcoming Annual General Meeting.

This report was approved by the Members on 23 April 2020 and signed on their behalf by:



S Herrero
Designated member



A A Gomez
for and on behalf of JB Capital Management
(Services) Ltd
(Designated member)

Independent auditor's report to the members of JB Capital Management LLP

for the year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of JB Capital Management LLP ('the limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Balance sheet;
- the Statement of Changes in members' interests;
- the Statement of Cash Flows; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of JB Capital Management LLP

for the year ended 31 December 2019

Other information

The members are responsible for the other information. The other information comprises the information included in the strategic report and the members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of members

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, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of JB Capital Management LLP

for the year ended 31 December 2019

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the members' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been, 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an 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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Caullay, CA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow

United Kingdom

23 April 2020

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	4	8,790,787	5,023,151
Cost of sales	2.5	<u>(5,710,037)</u>	<u>(3,078,867)</u>
Gross profit		3,080,750	1,944,284
Administrative expenses		<u>(1,243,152)</u>	<u>(905,183)</u>
Operating profit	3	<u>1,837,598</u>	<u>1,039,101</u>
Investment revenues		2,903	1,041
Finance costs		<u>-</u>	<u>(1,621)</u>
Profit for the financial year before members' remuneration and profit shares		<u>1,840,501</u>	<u>1,038,521</u>
Members' remuneration charged as an expense		<u>(257,586)</u>	<u>(350,437)</u>
Profit for the financial year available for discretionary division among members		<u>1,582,915</u>	<u>688,084</u>

All of the LLP's activities derived from continuing operations during the above financial periods.

There were no comprehensive income/expenses for the period other than those included in the statement of comprehensive income.


The accompanying notes on pages 14 to 23 form an integral part of these financial statements.

Balance sheet as at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Non current assets					
Property plant and equipment	7		5,544		6,064
Investments			<u>1</u>		<u>—</u>
			5,545		6,064
Current assets					
Trade and other receivables	8	1,350,909		3,611,409	
Cash and bank balances	10	<u>3,062,469</u>		<u>867,604</u>	
Total current assets			<u>4,413,378</u>		<u>4,479,013</u>
Total assets			<u>4,418,923</u>		<u>4,485,077</u>
Current liabilities					
Trade and other payables	9	(795,362)		(2,444,431)	
Other amounts		<u>—</u>		<u>—</u>	
Total current liabilities			<u>(795,362)</u>		<u>(2,444,431)</u>
Net assets attributable to members			<u>3,623,561</u>		<u>2,040,646</u>
Represented by:					
Members' other interests					
Members' capital classified as equity		2,600,001		2,600,001	
Members' interest – Other reserves		<u>1,023,560</u>		<u>(559,355)</u>	
			3,623,561		2,040,646
			<u>3,623,561</u>		<u>2,040,646</u>
Total Members' interests					
Loans and other debts due from members			(449,451)		(184,493)
Loans and other amounts due to members			<u>—</u>		<u>—</u>
Members' other interests			<u>3,623,561</u>		<u>2,040,646</u>
			<u>3,174,110</u>		<u>1,856,153</u>

These financial statements were approved and authorised for issue by the members on 23 April 2020 and signed on their behalf by:


S Herrero
 Designated member


A A Gomez
 for and on behalf of JB Capital Management (Services) Ltd.
 (Designated member)

The accompany notes on pages 14 to 23 form an integral part of these financial statements.

Statement of changes in members' Interests for the year ended 31 December 2019

	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 equity £
Members' interests: balance at 1 January 2018	<u>2,600,001</u>	<u>(1,247,439)</u>	<u>1,352,562</u>	<u>427,980</u>	<u>1,780,542</u>
Members' remuneration charged as an expense	—	—	—	350,437	350,437
Profit for the year available for discretionary division among members	—	688,084	688,084	—	688,084
Drawings	—	—	—	(150,000)	(150,000)
Other movements	—	—	—	(812,910)	(812,910)
Amounts due to members	—	—	—	(184,493)	—
Members' interests: balance at 31 December 2018	<u>2,600,001</u>	<u>(559,355)</u>	<u>2,040,646</u>	<u>(184,493)</u>	<u>1,856,153</u>
Members' interests: balance at 1 January 2019	<u>2,600,001</u>	<u>(559,355)</u>	<u>2,040,646</u>	<u>(184,493)</u>	<u>1,856,153</u>
Members' remuneration charged as an expense	—	—	—	257,586	257,586
Profit for the year available for discretionary division among members	—	1,582,915	1,582,915	—	1,582,915
Drawings	—	—	—	(150,000)	(150,000)
Other movements	—	—	—	(372,544)	(372,544)
Amounts due from members	—	—	—	(449,451)	—
Members' interests: balance at 31 December 2019	<u>2,600,001</u>	<u>1,023,560</u>	<u>3,623,561</u>	<u>(449,451)</u>	<u>3,174,110</u>

In the event of winding up, loans and other debts due to members rank after unsecured creditors. There is no protection for unsecured creditors.

The LLP is authorised by the Financial Conduct Authority in the United Kingdom. At 31 December 2019, the aggregate regulatory net capital of the LLP was £2,040,646 (2018: £1,352,562), which exceeded the minimum requirement by £1,487,593 (2018: £870,074).

The accompanying notes on pages 14 to 23 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2019

	Note	2019 £	2018 £
Profit for the year before members remuneration charged as an expense		1,840,501	1,038,521
Adjustments for:			
Depreciation of tangible assets	7	3,975	14,573
Finance costs		2,903	1,041
Investment revenues		—	(1,621)
Decrease/(increase) in trade and other receivables		2,184,141	(697,261)
(Decrease)/increase in trade and other payables		(1,649,069)	164,760
Transactions with members		(257,586)	(350,437)
Net cash generated from operating activities		2,124,865	169,576
Investing activities			
Investment revenues		—	1,621
Investment		(1)	—
Purchase of tangible fixed assets	7	(3,455)	(4,541)
Net cash used in investing activities		(3,456)	(2,920)
Financing activities			
Finance costs		(2,903)	(1,041)
Payments to members		76,359	(145,902)
Net cash generated/(used in) from financing activities		73,456	(146,943)
Net increase in cash and cash equivalents		2,194,865	19,713
Cash and cash equivalents at beginning of year		867,604	847,891
Cash and cash equivalents at the end of the year		3,062,469	867,604
Cash and cash equivalents at the end of year comprise:			
Cash and bank balances		3,062,469	867,604
		3,062,469	867,604

The accompanying notes on pages 14 to 23 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2019

1 LLP information

JB Capital Management LLP is a limited liability partnership incorporated in England and Wales on 28 July 2015. The address of the registered office and its principal place of trading is 24 Berkeley Square, London, England, W1J 6EJ. The nature of the LLP's operations and its principal activities are set out in the strategic report on page 1.

2 Significant accounting policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, IFRIC Interpretations and those parts of the Companies Act 2006 applicable to LLP's reporting under IFRSs.

2.2 Basis of preparation

The financial statements are prepared on the historical cost basis except for the revaluation of certain financial and equity instruments that have been measured at fair value.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the LLP's accounting policies. See note 2.18 for more details.

The significant accounting policies of the LLP are set out below.

2.3 Going concern

As discussed further in the members' report on page 3 and note 14 to the financial statements, after reviewing the forecasts and projections, the members have reasonable expectations that the LLP has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The LLP therefore continues to adopt the going concern basis in preparing its financial statements.

2.4 Revenue

Revenue comprises of the fair value of the consideration received or receivable to the LLP from its principal activity of providing investment management services in accordance with a management agreement which commenced in January 2017. Fees are accrued for monthly and presented net of Value Added Tax.

All revenue arose from activities performed within the United Kingdom.

Revenue is recognised to the extent that it can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the LLP.

Notes to the financial statements for the year ended 31 December 2019

2 Significant accounting policies (continued)

2.5 Cost of sales

Cost of sales comprises of the fair value of consideration paid or payable by the LLP in connection with its principal activity of providing investment management services. Such costs consist of research, advisory, variable and infrastructure. Cost of sales are accrued monthly.

2.6 Administrative expenses

All expenses have been accounted for on an accruals basis.

2.7 Foreign currency translation

Functional and presentation currency

The LLP's functional and presentational currency is Pound Sterling (£). Pound Sterling is the currency of the primary economic environment in which the LLP operates.

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 measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'interest payable or interest receivable'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.8 Taxation

The taxation payable on the LLP's profit is the personal liability of the members and consequently neither taxation nor related deferred taxation is accounted for in the financial statements. Amounts retained for tax are treated in the same way as other profits of the LLP 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.

Notes to the financial statements for the year ended 31 December 2019

2 Significant accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Computer equipment	- 3 years straight line.
Office equipment	- 5 years straight line.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.10 Impairment of assets

At each balance sheet date, the LLP reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of comprehensive income.

2.11 Trade receivables

Short term receivables are measured at transaction price, less any impairment for bad and doubtful debt.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and all other cash amounts with maturities of three months or less.

2.13 Trade payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are measured at the transaction price.

Notes to the financial statements for the year ended 31 December 2019

2 Significant accounting policies (continued)

2.14 Financial liabilities

Financial liabilities other than trading liabilities are recognised initially at fair value and subsequently measured at amortised cost.

The LLP derecognises financial liabilities when, and only when, the LLP's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the Statement of comprehensive income.

2.15 Accruals

Accruals comprise of expenses relating to the current period, which will not be invoiced until after the balance sheet date.

2.16 Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

2.17 Members capital (classified as equity)

Members' capital represents the value of capital contributed by the members.

2.18 Critical accounting judgments and key sources of estimation uncertainty

In the application of the LLP's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

There were no significant estimates or judgments made during the year.

Notes to the financial statements for the year ended 31 December 2019

2 Significant accounting policies (continued)

2.19 Adoption of new and revised standards

a) New and amended standards adopted by the LLP:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognitions of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The LLP only enters into basis financial instruments and therefore we do not expect the standard to have a material impact on the results.

IFRS15 'Revenue from contracts with customers' (as amended in April 2016). In the current year, the LLP has applied IFRS 15, which is effective, or annual periods that begin on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

Its core principle is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The LLP's accounting policies for its revenue streams are disclosed in Note 4 of these financial statements. Apart from providing more extensive disclosures for the LLP revenue transactions, the implementation of IFRS 15 has also resulted in an increase in revenue and cost of sales reported as £85,379 (2018 - £158,172).

b) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not early adopted:

IFRS 16, 'Leases', specifies how leases will be recognised, measured, presented and disclosed. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The LLP only has leases with a term of less than 12 months and therefore its results will not be impacted by the new recognition requirements of IFRS 16.

IFRS 17, 'Insurance Contracts', requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts' as of 1 January 2021.

We do not expect this to have a material impact on our results.

Notes to the financial statements for the year ended 31 December 2019**2 Significant accounting policies** (continued)**2.19 Adoption of new and revised standards**

a) New and amended standards adopted by the LLP:

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

The members anticipate that the adoption of these Standards/revisions to Standards and Interpretations in future periods will have no material impact on the financial statements of the LLP.

3 Profit for the financial year

	2019	2018
	£	£
This is stated after charging		
Operating lease rentals	90,700	111,600
Auditors remuneration:		
- Audit services	£17,000	15,000
Foreign exchange differences	£179,000	1,800
Depreciation of tangible fixed assets	3,975	14,573

4 Revenue*Disaggregation of revenue from contracts with customers*

	2019	2018
	£	£
Management fee	2,442,782	2,065,048
Performance fees	6,262,626	2,759,198
Advisory fees	—	40,733
Other fees	85,379	158,172
	<u>8,790,787</u>	<u>5,023,151</u>

Management fees

As management fees are often based on net assets under management, while performance fees are usually based on profits generated from the underlying investments held by the funds subject to certain thresholds (for example, hurdle rate, high watermark, or internal rate of return), management fees and performance fees re forms of variable consideration.

The LLP updates its estimate of the variable consideration each reporting period. Because the management fees are calculated based on net assets under management, any uncertainty related to the variable consideration will be resolved as of the end of each reporting period. Therefore, the LLP attributes the revenue from management fees to the services provided during the period, because the fee relates specifically to the entity's efforts to perform its services for that period.

Notes to the financial statements for the year ended 31 December 2019**4 Revenue (continued)***Disaggregation of revenue from contracts with customers***Performance fees:**

Return-based performance fees are also considered variable consideration. The LLP only recognises revenue if, after an assessment of the facts and circumstances, it is highly probable that the amount of the variable consideration would not result in a significant reversal of cumulative revenue recognised when the uncertainty is resolved. Accordingly, performance fees that have a broad range of possible outcomes and are highly susceptible to market volatility will not be recognised until the uncertainty is resolved.

5 Staff costs and Members' remuneration

The staff costs, excluding the members, were as follows:

	2019	2018
	£	£
Wages and salaries	326,825	330,567
Social security costs	47,595	39,064
Pension costs	3,257	1,404
	<u>377,677</u>	<u>371,035</u>

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

	2019	2018
	Number	Number
Management	2	2
Administrative staff	1	1
	<u>3</u>	<u>3</u>

6 Members' share of profit and average number of members

Profits and losses are divided among the members during each accounting period in accordance with established profit sharing arrangements and as the designated members may determine from time to time.

	2019	2018
Average number of members	<u>2</u>	<u>2</u>

	2019	2018
	£	£
The amount of profit attributable to the member with the largest entitlement was	<u>257,586</u>	<u>350,437</u>

Notes to the financial statements for the year ended 31 December 2019**7 Tangible assets**

	Computer and office equipment £	Total £
Cost		
At 1 January 2019	51,353	51,353
Additions	3,455	3,455
At 31 December 2019	<u>54,808</u>	<u>54,808</u>
Depreciation		
At 1 January 2019	45,289	45,289
Charge for the year	3,975	3,975
At 31 December 2019	<u>49,264</u>	<u>49,264</u>
Net book value		
At 31 December 2019	<u>5,544</u>	<u>5,544</u>
At 31 December 2018	<u>6,064</u>	<u>6,064</u>

8 Trade and other receivables

	2019 £	2018 £
Other receivables	498,977	3,232,383
Prepayments and accrued income	<u>851,932</u>	<u>379,026</u>
	<u>1,350,909</u>	<u>3,611,409</u>

Included within other receivables is an amount of £14,200 (2018 - £18,600) in respect of a rent deposit which is due after more than one year.

9 Trade and other payables

	2019 £	2018 £
Current liabilities		
Trade payables	29,464	92,017
Other creditors	33,188	21,127
Accruals	<u>732,710</u>	<u>2,331,287</u>
	<u>795,362</u>	<u>2,444,431</u>

10 Cash and bank balances

	2019 £	2018 £
Cash and bank balances	<u>3,062,469</u>	<u>867,604</u>

Notes to the financial statements for the year ended 31 December 2019**11 Related party transactions**

During the year, JB Capital Management (Services) Ltd settled various administrative expenses and advanced on loan total £341,318 (2018: £123,494) on behalf of the LLP. At the balance sheet date, £379,908 was due from JB Capital Management (Services) Ltd to the LLP (2018: £38,591) due to JB Capital Management (Services) Ltd.

JB Capital Management (Services) Ltd is considered to be a related party by virtue of the fact that it is the managing member of the LLP.

During the year, JB Capital Markets, S.V.,S.A.U. settled various administrative expenses totalling £12,061 (2018 - £6,171) on behalf of JB Capital Management Capital LLP. As at 31 December 2019 £33,188 remained outstanding and due to (2018 - £21,127) JB Capital Markets, S.V.,S.A.U in this respect.

JB Capital Markets, S.V.,S.A.U is considered to be a related party by virtue of common control.

	2019	2018
	£	£
Key management personal compensation		
The remuneration of members and other key management during the period		
Remuneration	<u>257,586</u>	<u>350,437</u>
	<u>257,586</u>	<u>350,437</u>

12 Commitments under operating leases

At 31 December the LLP had the following minimum lease payments under non – cancellable operating leases as follows:

	2018	2019
	£	£
Not later than 1 year	84,400	64,000
Between 2 – 5 years	<u>56,800</u>	<u>—</u>

13 Ultimate parent undertaking and controlling party

The LLP is under the control of JB Capital Management (Services) Ltd, the managing member of the LLP.

The ultimate controlling party is Inversiones Zulu, S.L.U, a company incorporated in Spain.

The smallest group of undertakings preparing consolidated financial statements including the LLP is headed by JB Capital Management (Services) Ltd. The largest group of such undertakings is headed by Inversiones Zulu, S.L.U.

The consolidated financial statements of JB Capital Management (Services) Ltd will be available from 24 Berkeley Square, London, W1J 6EJ.

Notes to the financial statements for the year ended 31 December 2019

14 Post balance sheet event

Subsequent to year end, the Covid-19 outbreak has spread across the globe causing unprecedented social and economic damage, pushing the world economy into recession and generating disruption to business and economic activity, including substantial falls in the value of many financial assets.

The ultimate extent of the effect of this pandemic on society, financial markets, the global economy and the LLP's activities is difficult to estimate at this stage. Nevertheless, with the information available and having crossed the end of the first quarter, because of the nature and ownership of the funds under management, the investment strategies, the risk profile of the portfolios, the sound operational infrastructure and proven business continuity plan and the highly reputable providers serving our business, the LLP's activities have continued as normal without interruption and the economic impact has been limited and contained, with a relatively moderate reduction in the value of assets under management and no redemptions requests derived from the outbreak.

The long term implications of this pandemic in the global economy are still to be seen but the LLP, having performed quantitative and qualitative assessments scenarios of further unlikely material deterioration and with a healthy regulatory capital surplus derived from results from previous years, can confidently maintain its activities without the need of additional financial support.

Nonetheless, being part of a wider Group could also benefit the LLP by providing additional operational and financial support if needed. The LLP is also confident about the possibility of exploring new opportunities that may arise from the consequences of the current circumstances.

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

Introduction

The Capital Requirements Directive ('CRD') and Alternative Investment Fund Managers Directive ('AIFMD') 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 CRD and the AIFMD have 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') and the Interim Prudential Sourcebook for Investment Business ('IPRU(INV)').

The FCA framework consists of three 'Pillars':

- Pillar 1 sets out the minimum capital amount that meets the firm's credit, market and operational risk capital requirement.
- Pillar 2 requires the firm to assess whether its capital reserves, processes, strategies and systems are adequate to meet pillar 1 requirements and further determine whether it should apply additional capital, processes, strategies or systems to cover any other risks that it may be exposed to.
- Pillar 3 requires disclosure of specified information about the underlying risk management controls and capital position to encourage market discipline.

The AIFMD adds further capital requirements as stipulated by the Alternative Investment Fund Managers Directive.

The rules in BIPRU 11 set out the provision for Pillar 3 disclosure. This document is designed to meet our Pillar 3 obligations.

The Pillar 3 disclosure document has been prepared by JB Capital Management LLP ("The Firm") in accordance with the requirements of BIPRU 11 and is verified by the Management Committee. Unless otherwise stated, all figures are as at the financial year-end.

Pillar 3 disclosures will be issued on an annual basis after the year end and published as soon as practical with the annual accounts.

We (as the designated members of the Firm) are permitted to omit required disclosures if we 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 for the purpose of making economic decisions about the firm.

In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

We have taken the decision to omit the Remuneration Code disclosure on the grounds that it is proprietary and confidential.

Scope and application of the requirements

JB Capital Management LLP is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. The Firm is categorised as a "Collective Portfolio Management Investment Firm" ('CPMI') by the FCA for capital purposes.

It is an investment management firm and as such has no trading book exposures.

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

Risk management

The Firm has established a risk management process in order to ensure that it has effective systems and controls in place to identify, monitor and manage risks arising in the business. The risk management process is overseen by the Compliance Officer, with the Management Committee taking overall responsibility for this process and the fundamental risk appetite of the firm. The Compliance officer has responsibility for the implementation and enforcement of the Firm's risk principles.

Senior Management meet on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, business planning and risk management. Senior Management engage in the Firm's risks through a framework of policy and procedures having regard to the 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 Senior Management team has identified that business, operational, market and credit risks are the main areas of risk to which the Firm is exposed. Annually the Senior Management team formally review the risks, controls and other risk mitigation arrangements and assess their effectiveness.

A formal update on operational matters is provided to the Management Committee on a regular basis. Management accounts demonstrate continued adequacy of the firm's regulatory capital are reviewed on a regular basis.

~~Appropriate action is taken where risks are identified which fall outside of the Firm's tolerance levels or where the need for remedial action is required in respect of identified weaknesses in the firm's mitigating controls.~~

Specific risks applicable to the Firm come under the headings of business, operational, credit, liquidity and market risks.

Business risk

The Firm's revenue is reliant on the performance of the existing funds under management and its ability to launch new funds/obtain new mandates. As such, the risk posed to the firm relates to underperformance resulting in a decline in revenue and adverse market conditions hindering the launch of new funds and ultimately the risk of redemptions from the funds managed by the firm. This risk is mitigated by ensuring that the firm maintains appropriate levels of capital which will continue to cover all the expenses of the business.

Operational risk

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.

The Firm has identified a number of key operational risks to manage. These relate to e.g. systems failure, failure of a third party provider, key man, potential for serious regulatory breaches, market abuse. Appropriate policies are in place to mitigate these risks.

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

Credit risk

The Firm is exposed to credit risk in respect of its debtors, investment management fees billed and cash held on deposit.

The number of credit exposures relating to the Firm's investment management clients is limited. The Firm considers that there is little risk of default by its clients. All bank accounts are held with large international credit institutions.

Given the nature of the Firm's exposures, no specific policy for hedging and mitigating credit risk is in place. The Firm uses the simplified standardised approach detailed in BIPRU 3.5.5 of the FCA Handbook when calculating risk weighted exposures of 1.6% (Cash in Bank) and 8% in respect of its other assets.

Credit risk summary

Credit risk exposure	Risk weighting	Risk weighted exposure
Tangible Fixed Assets	8%	£444
Cash in the bank	1.6% or 8% subject to institution and FCA rules	£214,184
Accrued income	8%	£64,234
Prepayments	8%	£1,941
Other debtors	8%	£16,131
Intercompany	8%	£30,393
VAT	0%	£0
Total		£327,327

Market risk

Since the Firm takes no trading book positions on its balance sheet, it has only indirect market risk exposure. The Firm's foreign exchange risk therefore would only arise in respect of its debtors, investment management fees receivable and creditors as well as cash balances held in currencies other than GBP.

No specific strategies are adopted in order to mitigate the risk of currency fluctuations.

Positions in foreign currencies are monitored on a regular basis and reported to Senior Management via the management accounts.

The Firm calculates its foreign exchange risk by reference to the rules in BIPRU 7.5.1 of the FCA Handbook and applies an 8% risk factor to its foreign exchange exposure.

Market risk summary

Market risk exposure	Risk weighting	Risk weighted exposure
Foreign currency assets and liabilities	8%	£225,726

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

Liquidity risk

The Firm is required to maintain sufficient liquidity to ensure that there is no significant risk that its liabilities cannot be met as they fall due or to ensure that it can secure additional financial resources in the event of a stress scenario.

The Firm retains an amount it considers suitable for providing sufficient liquidity to meet the working capital requirements under normal business conditions. The firm has always had sufficient liquidity within the business to meet its obligations and there are no perceived threats to this given the cash deposits it holds. The cash position of the firm is monitored by the Management Committee on a regular basis, and the Firm would be able to call on its partners for further capital as required.

Professional liability risk

The Firm has a legal responsibility for risks in relation to investors, products and business practices including, but not limited to; loss of documents evidencing title of assets of the AIF; misrepresentations and misleading statements made to the AIF or its investors; acts, errors or omissions; failure by the senior management to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts; improper valuation of assets and calculation of unit/share prices; and risks in relation to business disruption, system failures, process management.

The Firm is aware of, and monitors, a wide range of risks within its business operations and towards its investors. The Firm also has in place a 'Professional Indemnity Insurance' policy that meets the requirements of AIFMD.

Regulatory capital

The Firm is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. Its capital is summarised as follows:

	31/12/2019 £
Members' capital classified as equity	2,600,001
Total capital	2,600,001

The main features of the Firm's capital resources for regulatory purposes are as follows:

	31/12/2019 £
Tier 1 capital*	
Eligible partnership, LLP or sole trader capital	2,600,001
Interim net losses	-
Profit and loss account and other reserves	(559,355)
Total Tier 1 Capital	2,040,646
Tier 2 capital	-
Tier 3 capital**	-
Deductions from Tiers 1 and 2	-
Total capital resources	2,040,646

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

*No hybrid tier one capital is held

**Note: Tier 3 capital is to be removed under the CRD IV

Our Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management fees receivable from the funds under its management. The Firm follows the standardised approach to market risk and credit risk.

The Firm is subject to the Fixed Overhead Requirement and is not required to calculate an operational risk capital charge though it considers this as part of its process to identify the level of risk based capital required.

The Firm is a CPMI firm and as such its capital requirements are the higher of:

➤ The capital requirements under AIFMD which are as follows:

- Higher of:
 - €125,000 plus 0.02% of Assets under management above €250mn; and
 - The fixed overheads requirement ('FOR') which is essentially 25% of the Firm's operating expenses less certain variable costs.

AND

➤ The capital requirements under MiFID II which are as follows:

- Higher of:
 - Its base capital requirement of €50,000; or
 - Variable capital requirement of the higher of:
 - The sum of its market risk and credit risk requirements; or
 - Its fixed overheads requirement.

As at 31 December 2019, the Firm's assets under management under AIFMD were €199,553,905 and the capital requirement was established by the fixed overheads requirement.

The Firm's FOR of £270,087 was calculated based on 25% of the fixed expenditure within the audited financial statements for 31 December 2018.

As at 31 December 2019, the sum of credit risk and market risk capital requirement was £553,053, which exceeded the FOR and therefore was the variable capital requirement.

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

Remuneration disclosure

Governance

The purpose of the Remuneration Code is to ensure firms establish, implement and maintain remuneration policies, procedures and practices that are consistent with, and promote, sound and effective risk management.

The Remuneration Code applies to 'Remuneration Code Staff' ('Code Staff'). This includes senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the LLP's risk profile.

The LLP has considered the contribution that can be made by a remuneration committee. In order to take a proportionate approach given the size and non-complex nature of both the activities undertaken and the organisation, The LLP has decided that the Board will undertake the role which would otherwise be undertaken by a remuneration committee. This is in line with guidance provided by the FCA for tier 4 firms under the Remuneration Code. The Board will be responsible for setting the LLP's policy on remuneration.

The LLP's Remuneration Policy will be reviewed, at least, annually by the Board to ensure that it remains consistent with the Remuneration Code Principles and the LLP's objectives. The Board will use all information available to it in order to carry out its responsibilities under the Code, for example, information on risk and financial performance. In addition, the Compliance Officer, as part of the LLP's regulatory monitoring, will include a review of the implementation of this Policy by the LLP.

Link between pay and performance

Remuneration at the LLP is made up of fixed ('salary') and variable ('bonus') components for employees. Members receive a share of the profits of the partnership which is the profit generated by the business as a whole, the percentage allocated to each member is based upon his/her percentage share in the Partnership, and is paid from profits after ensuring FCA capital and liquidity requirements and the working capital needs of the LLP have been considered thereby ensuring the LLP is financially viable going forward.

Salary is set in line with the market at a level to retain, and when necessary attract, skilled staff.

Any bonus paid is designed to both reflect the performance of a person in contributing to the success of the LLP and their success in meeting, or exceeding, targets that have been set by the LLP on an individual basis.

Where remuneration is performance-related then in addition to the performance of the individual the LLP will also take into account the performance of the business unit concerned and the overall results of the LLP. Performance assessment will not relate solely to financial criteria but will also include compliance with regulatory obligations and adherence to effective risk management. In keeping with the LLP's long term objectives, the assessment of performance will take into account longer-term performance and payment of any such performance related bonuses may need to be spread over more than one year to take account of the LLP's business cycle.

The measurement of financial performance will be based principally on profits and not on revenue or turnover.

Awards will reflect the financial performance of the LLP and as such variable remuneration may be contracted where subdued or negative financial performance occurs. The LLP will not ordinarily make any variable remuneration awards should the LLP make a loss. In exceptional circumstances such payments may need to be considered. In such cases the

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

governing body, in conjunction with the Compliance Officer, will consider and document whether such an award would be in keeping with the Remuneration policy.

Quantitative remuneration information

The LLP is required to disclose aggregate information on remuneration in respect of its Code Staff, broken down by business area and by senior management and other Code Staff. The relatively small size and lack of complexity of the LLP's business is such that the LLP only has the one business area, investment management, and does not regard itself as operating, or needing to operate, separate 'business areas' and the following aggregate remuneration data should be read in that context.

Aggregate remuneration includes fixed and variable elements of remuneration to the extent available for allocation, but excludes profit shares allocated to members, in excess of any Basic Profit Share, in respect of their interests as owners of the business.

The below table discloses a breakdown of remuneration for remuneration code staff as defined in SYSC 19B of the FCA handbook. Given the nature and scale of our business, individual Code Staff are not split out into separate business areas and we operate instead as a single business unit.

The LLP was authorised as an AIFM on 1 April 2016. The quantitative disclosures required under Article 22 of AIFMD in accordance with the European Securities and Markets Authority ("ESMA") guidance for the year ended 31 December 2019, in respect of remuneration derived from the AIF are as follows:

Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the LLP			
	Senior Management £	Other members of staff £	Totals £
Fixed remuneration	150,000	0	150,000
Variable remuneration	107,586	0	107,586
Number of staff	1	0	1

For the year ending 31 December 2019, benefits in kind were nil. During the year there were no sign-on or severance payments made to employees.

For staff whose work is a mixture of AIFMD and non-AIFMD business the LLP has apportioned remuneration according to the type of business performed.

For staff who are members of the LLP an allocation between profit share, fixed remuneration and variable remuneration has been made with respect to payments or other benefits paid by the AIFM.

This remuneration disclosure is made under the Basel Pillar 3 framework.

FCA Pillar 3 Disclosures for the year ended 31 December 2019 (unaudited)

UK Financial Reporting Council's Stewardship Code

Under Rule 2.2 of the FCA's Conduct of Business Sourcebook (COBS), JB Capital Management LLP is required to include on this website a disclosure about the nature of its commitment to the UK Financial Reporting Council's Stewardship Code (the "Code") or, where it does not commit to the Code, its alternative investment strategy.

JB Capital Management LLP's investment strategy is to deliver highly diversified exposure to broad factors in equity markets with a focus on mid-small cap stocks. Therefore the Firm will generally have small positions in a very large number of securities across the regions it invests in. The individual stakes that the Firm has in a given company will therefore be small and not significant. Consequently, while the Firm supports the objectives that underlie the Code, the provisions of the Code are not relevant to the type of trading currently undertaken by the Firm.

If the Firm's investment strategy changes in such a manner that the provisions of the Code become relevant, the Firm will amend this disclosure accordingly.

A note on materiality

A firm must regard information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purposes of making economic decisions.

A firm must regard information as proprietary information if the sharing of that information with the public would undermine its competitive position.

Proprietary information may include information on products or systems which, if shared with competitors would render the firm's investment in them less valuable.

A firm must regard information as confidential if there are obligations to customers or other counterparty relationships binding the firm to confidentiality.

CEBS has stated that it is unlikely that the disclosure of information relating to remuneration would be confidential or proprietary for firms that have been allowed to aggregate the information due to proportionality. Where there is a limited number of Code Staff then the firm may consider such omissions.

See FCA Templates on Remuneration Code and FAQ for further consideration.