

Company Registration No. 08956837 (England and Wales)

HILBERT INVESTMENT SOLUTIONS LTD  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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# HILBERT INVESTMENT SOLUTIONS LTD

## COMPANY INFORMATION

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**Director** Mr S G Lamarque

**Company number** 08956837

**Registered office** 66 Prescott Street  
London  
E1 8NN

**Auditor** CBW Audit Limited  
66 Prescott Street  
London  
E1 8NN

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# HILBERT INVESTMENT SOLUTIONS LTD

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# HILBERT INVESTMENT SOLUTIONS LTD

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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The director presents the strategic report for the year ended 31 March 2021.

### **Fair review of the business**

The director established the company to design, market and manage structured investment for both UK and European investors.

The results and the financial position at the year end were considered satisfactory by the director who expects continued growth in the foreseeable future.

The company's turnover had increased by 134% in the year, this is due to exceptional market conditions. We do offer full private client broking, advice and distribute our own branded retail and institutional investment products and this is an expanding area of our business.

The director expects, based on the successful delivery of current Investment Initiatives in technology, high quality staff and new product areas, along with the continuation of favourable market conditions, continued growth in the foreseeable future. The company has put in place contingency plan given Brexit by being able to operate in both London and Paris. As at year end, the Hilbert Investment Solutions group employs 25 people across UK, France, Belgium and Luxembourg

The company is registered with, and monitored by, the FCA. As a result of their ability to hold client assets and current permissions, the FCA determines that the company must maintain the higher of the base capital resources requirement of EUR125k or the sum of its credit risk capital requirement and market risk capital requirements which was calculated to be £159k. The directors are content that this has been maintained during the year.

### **Principal risks and uncertainties**

#### **Liquidity risk**

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

#### **Credit risk**

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Market risk**

Market risk is the risk of adverse change in net assets or income arising from movements in foreign exchange rates, a reduction of liquidity in the market and the related fall in transactions.

As the firm is an execution only broker and therefore does not trade on own account, movements in the prices of financial instruments will only have a limited effect on the firm.

#### **Development and performance**

Finally, the tangible core of our business is Hilbert's Infinity our core custody & trading system is that we developed in-house and that we own. Infinity is our beating heart, It's a complex suite of code that we own and that we wrote in-house and allows our client to perform the design, the pricing, the risk management and the custody of Structured Investment.

# HILBERT INVESTMENT SOLUTIONS LTD

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### Other performance indicators

The KPI of the business is service fees and profit generated as disclosed in the statutory profit and loss account. We also have a few areas where we are looking to focus on in 2021, namely:

- Intangible Assets (Infinity) increased by 50% (year end 2021)
- We are expecting to have 6,000 active clients using the system by 2022
- Positive profit trend

### COVID-19

In March 2020, the World Health Organization declared COVID-19 (Coronavirus) a global pandemic. The COVID-19 pandemic has caused global economic uncertainty and has adversely affected workforces, economies, and financial markets globally. Measures have been put in place to combat the spread of the virus, which include the implementation of travel bans, self-imposed quarantine periods, social distancing, and temporary closures of non-essential businesses.

The company continues to be fully operational through working remotely and the impact on the business of the government restrictions has been minimal.

### Compliance with section 172 statement

Under Section 172 of the Companies Act 2006, the Director has a duty to act in good faith, which would most likely promote the success of the company for the benefit and interests of all its stakeholders as a whole. The Company's stakeholders include, but are not limited to, its employees, suppliers, customers and regulators.

The Board endeavours to achieve and maintain a reputation for high standards of conduct amongst its stakeholders which it regards as crucial in its ability to successfully achieve its corporate objectives. During the development of the Company's strategies and decision-making processes, the Board will consider its stakeholders and their interests. The differing interests of stakeholders require the Board to assess and manage the impact of its policies in a fair and balanced manner to the benefit of its stakeholders as a whole. The Board considers below these different stakeholder Company's, their material issues and how the Company engages with them.

#### Employees

The employees are considered to be extremely significant in the company's operations. Regular meetings are held with employees where company updates are provided. Ongoing management training, personal development and performance reviews all contribute to the development of staff.

#### Suppliers

Supplier interests include fair trading, payment terms and working towards building a successful relationship. The company will regularly review its supplier payments and performance alongside its monitoring of its performance.

#### Customers

Customers are regularly informed of the upcoming products created by the company, which are designed to meet their needs. The company aims to achieve the highest level of customer service and operates under an open and transparent pricing model with its customers.

#### Regulators and Compliance

The company holds licenses with the Financial Conduct Authority and must adhere to the regulatory requirements of these licenses. The company ensures that staff have sufficient knowledge and with regular training, ensures that these regulations are met.

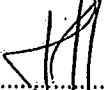
The nature of the business undoubtedly results in a higher risk of money laundering. All staff receive the relevant Anti-Bribery and Anti-Money Laundering training. Procedures and communications are in place to ensure that staff are able to comply with anti-Money Laundering should there ever be a case.

HILBERT INVESTMENT SOLUTIONS LTD

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021

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On behalf of the board



.....  
Mr S G Lahaque  
Director  
.....29/07/2021

# HILBERT INVESTMENT SOLUTIONS LTD

## DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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The director presents his annual report and financial statements for the year ended 31 March 2021.

### Principal activities

The principal activity of the company continued to be that of providing broking services and distribution of structured products.

### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr S G Lamarque

### Auditor

In accordance with the company's articles, a resolution proposing that CBW Audit Limited be reappointed as auditor of the company will be put at a General Meeting.

### Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

### Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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 of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.


**HILBERT INVESTMENT SOLUTIONS LTD**

**DIRECTOR'S REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

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On behalf of the board



.....  
Mr S G Lamarque  
Director

Date: .....29/07/2021.....



# HILBERT INVESTMENT SOLUTIONS LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HILBERT INVESTMENT SOLUTIONS LTD

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#### Opinion

We have audited the financial statements of Hilbert Investment Solutions Ltd (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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.

#### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

## HILBERT INVESTMENT SOLUTIONS LTD

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF HILBERT INVESTMENT SOLUTIONS LTD

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the company'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 director either intends to liquidate the company or to cease operations, or has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. The laws and regulations applicable to the company were identified through discussions with directors and other management, and from our commercial knowledge and experience of the plant and related construction materials wholesaler industry.

Of these laws and regulations, we focused on those that we considered may have a direct material effect on the financial statements or the operations of the company, including compliance with Financial Conduct Authority, Directive 2014/65/EU (MiFID 2), Companies Act 2006, taxation legislation, data protection, The Bribery Act 2010, anti-money-laundering, The Employment Rights Act 1996, environmental and health and safety legislation. The extent of compliance with these laws and regulations identified above was assessed through making enquiries of management and inspecting legal correspondence. The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- obtaining the CASS resolution pack and assessing the internal procedures
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

# HILBERT INVESTMENT SOLUTIONS LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF HILBERT INVESTMENT SOLUTIONS LTD

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected variances;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- confirming with management that correct insurance policies are in place; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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 him 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Daniel Rose (Senior Statutory Auditor)  
For and on behalf of CBW Audit Limited

29 July 2021

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Chartered Accountants  
Statutory Auditor

66 Prescott Street  
London  
E1 8NN

# HILBERT INVESTMENT SOLUTIONS LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

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	Notes	2021 £	2020 £
Turnover	3	2,658,485	1,138,400
Cost of sales		(1,617,444)	(254,915)
Gross profit		1,041,041	883,485
Administrative expenses		(975,071)	(845,087)
Operating profit	4	65,970	38,398
Interest receivable and similar income	6	6,839	1,120
Profit before taxation		72,809	39,518
Tax on profit	7	(13,685)	(8,201)
Profit for the financial year		59,124	31,317

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

# HILBERT INVESTMENT SOLUTIONS LTD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

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	2021	2020
	£	£
Profit for the year	59,124	31,317
Other comprehensive income	-	-
Total comprehensive income for the year	<u>59,124</u>	<u>31,317</u>

# HILBERT INVESTMENT SOLUTIONS LTD

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Inangible assets	8		203,409		121,160
Tangible assets	9		7,666		863
Investments	10		799,817		589,817
			<u>1,010,892</u>		<u>711,840</u>
<b>Current assets</b>					
Debtors	11	825,397		675,596	
Cash at bank and in hand		119,293		8,773	
		<u>944,690</u>		<u>684,369</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,058,419)</u>		<u>(558,170)</u>	
<b>Net current (liabilities)/assets</b>			<u>(113,729)</u>		<u>126,199</u>
<b>Total assets less current liabilities</b>			<u>897,163</u>		<u>838,039</u>
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(400,000)</u>		<u>(400,000)</u>
<b>Net assets</b>			<u>497,163</u>		<u>438,039</u>
<b>Capital and reserves</b>					
Called up share capital	16		185,001		185,001
Profit and loss reserves			312,162		253,038
<b>Total equity</b>			<u>497,163</u>		<u>438,039</u>

The financial statements were approved and signed by the director and authorised for issue on 29/07/2021

.....  
Mr S G Lamarque  
Director

Company Registration No. 08956837

# HILBERT INVESTMENT SOLUTIONS LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2019	185,001	221,721	406,722
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	31,317	31,317
Balance at 31 March 2020	185,001	253,038	438,039
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	59,124	59,124
Balance at 31 March 2021	185,001	312,162	497,163

# HILBERT INVESTMENT SOLUTIONS LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20		473,737		283,717
Income taxes paid			-		(26,703)
<b>Net cash inflow from operating activities</b>			<u>473,737</u>		<u>257,014</u>
<b>Investing activities</b>					
Purchase of intangible assets		(145,703)		(119,836)	
Purchase of tangible fixed assets		(10,836)		(850)	
Receipts arising from loans made		(213,503)		(134,320)	
Interest received		6,839		1,120	
<b>Net cash used in investing activities</b>			<u>(363,203)</u>		<u>(253,886)</u>
<b>Net increase in cash and cash equivalents</b>			<u>110,534</u>		<u>3,128</u>
Cash and cash equivalents at beginning of year			8,632		5,504
<b>Cash and cash equivalents at end of year</b>			<u><u>119,166</u></u>		<u><u>8,632</u></u>
<b>Relating to:</b>					
Cash at bank and in hand			119,293		8,773
Bank overdrafts included in creditors payable within one year			(127)		(141)



# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

#### Company information

Hilbert Investment Solutions Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 66 Prescott Street, London, E1 8NN.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the year end, the company made a profit of £59,124, however had net current liabilities of £113,729. There are fixed assets on the balance sheet of £799,817, which relate to fixed asset investments that are relatively liquid and readily convertible to cash. Additionally, the deferred income amount of £386,026 relates to cash received in advance of future settled trades. The accounting treatment is to allocate the amount to current creditors as future sales will be allocated against the cash. As a result, the amount reflected in creditors does not mean the total amount is repayable as cash to creditors.

The director has been monitoring cash flows and has reasonable expectation that taking the above into account, the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### COVID-19

Since the year end the world has had to deal with the unexpected impact of COVID-19 and Hilbert Investment Solutions Limited is no exception.

Hilbert Investment Solutions Limited has not been adversely affected by COVID-19. Standard COVID-19 risk assessment procedures have been undertaken by directors, and as a result appropriate measures have been put in place in accordance with government guidelines.

Trading activities have remained unaffected as a result of the pandemic, therefore the director does not believe that COVID-19 affects the going concern status of Hilbert Investment Solutions Limited.

#### 1.3 Turnover

Turnover represents amounts receivable for broking services net of VAT.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies (Continued)

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs	5 years
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#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% straight line
Computer equipment	33.33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in shares and bonds are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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 the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *Basic financial liabilities*

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### *Other financial liabilities*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Depreciation and amortisation

Depreciation and amortisation are provided at rates calculated to write off the cost of valuation of assets less estimated residual value of each asset over its expected useful life, using industry standards.

### 3 Turnover and other revenue

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Brokerage income	2,622,924	1,104,115
Other income	35,561	34,285
	<u>2,658,485</u>	<u>1,138,400</u>

	2021 £	2020 £
<b>Other significant revenue</b>		
Interest income	<u>6,839</u>	<u>1,120</u>

### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,221	(455)
Fees payable to the company's auditor for the audit of the company's financial statements	35,640	14,500
Depreciation of owned tangible fixed assets	4,033	878
Amortisation of intangible assets	63,454	33,999
Operating lease charges	<u>45,531</u>	<u>46,005</u>

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Admin	2	2
Research	3	3
Compliance	2	2
Sales	2	-
Total	<u>9</u>	<u>7</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	185,102	170,917
Social security costs	35,093	23,298
Pension costs	6,427	5,439
	<u>226,622</u>	<u>199,654</u>

### 6 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>6,839</u>	<u>1,120</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>6,839</u>	<u>1,120</u>
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### 7 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	<u>13,685</u>	<u>8,201</u>

HILBERT INVESTMENT SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	<u>72,809</u>	<u>39,518</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	13,834	7,508
Tax effect of expenses that are not deductible in determining taxable profit	6	693
Depreciation on assets not qualifying for tax allowances	766	-
Capital allowances	(2,059)	-
Other	1,138	-
Taxation charge for the year	<u>13,685</u>	<u>8,201</u>

8 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 April 2020	169,988
Additions	145,703
At 31 March 2021	<u>315,691</u>
<b>Amortisation and impairment</b>	
At 1 April 2020	48,828
Amortisation charged for the year	63,454
At 31 March 2021	<u>112,282</u>
<b>Carrying amount</b>	
At 31 March 2021	<u>203,409</u>
At 31 March 2020	<u>121,160</u>



HILBERT INVESTMENT SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Total £
<b>Cost</b>			
At 1 April 2020	775	2,054	2,829
Additions	1,198	9,638	10,836
At 31 March 2021	<u>1,973</u>	<u>11,692</u>	<u>13,665</u>
<b>Depreciation and impairment</b>			
At 1 April 2020	775	1,191	1,966
Depreciation charged in the year	240	3,793	4,033
At 31 March 2021	<u>1,015</u>	<u>4,984</u>	<u>5,999</u>
<b>Carrying amount</b>			
At 31 March 2021	<u>958</u>	<u>6,708</u>	<u>7,666</u>
At 31 March 2020	<u>-</u>	<u>863</u>	<u>863</u>

10 Fixed asset investments

	2021 £	2020 £
Fixed asset investments	<u>799,817</u>	<u>589,817</u>

Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 April 2020	589,817
Additions	210,000
At 31 March 2021	<u>799,817</u>
<b>Carrying amount</b>	
At 31 March 2021	<u>799,817</u>
At 31 March 2020	<u>589,817</u>

HILBERT INVESTMENT SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

<b>11 Debtors</b>		<b>2021</b>	<b>2020</b>
		£	£
Amounts falling due within one year:			
Other debtors		725,733	619,923
Prepayments and accrued income		99,664	55,673
		<u>825,397</u>	<u>675,596</u>
<b>12 Creditors: amounts falling due within one year</b>		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	£	£
Bank loans and overdrafts	14	127	141
Trade creditors		59,176	4,800
Corporation tax		21,855	8,170
Other taxation and social security		69,444	15,734
Other creditors		279,377	291,918
Accruals and deferred income		628,440	237,407
		<u>1,058,419</u>	<u>558,170</u>
<b>13 Creditors: amounts falling due after more than one year</b>		<b>2021</b>	<b>2020</b>
		£	£
Other creditors		<u>400,000</u>	<u>400,000</u>
<b>14 Loans and overdrafts</b>		<b>2021</b>	<b>2020</b>
		£	£
Bank overdrafts		<u>127</u>	<u>141</u>
Payable within one year		<u>127</u>	<u>141</u>
<b>15 Retirement benefit schemes</b>		<b>2021</b>	<b>2020</b>
		£	£
Defined contribution schemes			
Charge to profit or loss in respect of defined contribution schemes		<u>6,427</u>	<u>5,439</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 16 Share capital

	2021	2020	2021	2020
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary shares of £1 each	185,001	185,001	185,001	185,001

### 17 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	10,440	31,680
Between two and five years	-	10,440
	<u>10,440</u>	<u>42,120</u>

### 18 Related party transactions

#### Transactions with related parties

The turnover includes income amounting to £692 (2020: £29,138) received from HCM Assets under the service level agreement. HCM Assets is under the control of Mr S G Lamarque by virtue of him being the ultimate controller of the group.

At the year end, the company owed £97,627 (2020: £97,627) due in 1 year and £400,000 (2020: £400,000) due in more than 1 year to HCM Assets.

At the year end, the company was owed £608,454 (2020: £602,560) from Hilbert Investment Solutions SARL, a company of which Mr S G Lamarque is a sole director and a shareholder.

Also at the year end, the company was owed £90,648 by Hilbert Luxembourg.

At the year end, the company was owed £3,503 (2020: owed to £189) from S G Lamarque, sole director and shareholder.

### 19 Ultimate controlling party

The ultimate controlling party is Mr S G Lamarque.

# HILBERT INVESTMENT SOLUTIONS LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Cash generated from operations	2021 £	2020 £
Profit for the year after tax	59,124	31,317
<b>Adjustments for:</b>		
Taxation charged	13,685	8,201
Investment income	(6,839)	(1,120)
Amortisation and impairment of intangible assets	63,454	33,999
Depreciation and impairment of tangible fixed assets	4,033	878
<b>Movements in working capital:</b>		
Increase in debtors	(146,298)	(559,917)
Increase in creditors	486,578	770,359
<b>Cash generated from operations</b>	<u>473,737</u>	<u>283,717</u>

21 Analysis of changes in net funds	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	8,773	110,520	119,293
Bank overdrafts	(141)	14	(127)
	<u>8,632</u>	<u>110,534</u>	<u>119,166</u>

# HILBERT INVESTMENT SOLUTIONS LIMITED

## CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE

*FOR THE YEAR ENDED 31 MARCH 2021*

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### Capital requirements directive Pillar 3 disclosure

#### Verification

This information has not been audited by the Company's external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on Hilbert Investment Solutions Limited.

#### Introduction

##### *Regulatory Context*

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 that must be maintained by credit institutions and investment firms. 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 Investment Firms ('IFPRU').

##### *Frequency*

The Firm will be making Pillar 3 disclosures annually. The disclosures will be as at the Accounting Reference Date ("ARD") which is currently 31 March.

##### *Media and Location*

The disclosure is published only in our Accounts and will be available from the Registered office on request.

##### *Materiality*

The Firm regards 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 purpose of making economic decisions. If the Firm deems a certain disclosure to be immaterial, it may be omitted from this statement.

##### *Risk Management*

The Firm is mindful of the FCA's comments regarding confidentiality and of the comment that both qualitative and quantitative data must be disclosed.

*As such, the Firm's policy is to disclose that information required under the FCA Rules but to treat further information as proprietary if sharing 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 investments therein less valuable. Further, the Firm will regard information as confidential if there are obligations to customers or other counterparty relationships binding the Firm to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.*

The new FCA framework consists of three pillars. Pillar 1 deals with minimum capital requirements; Pillar 2 deals with Internal Capital Adequacy Assessment Process ("ICAAP") undertaken by a firm and the Supervisory Review and Evaluation Process through which the firm and regulator satisfy themselves on the adequacy of capital held by the Firm in relation to the risks it faces and; Pillar 3 which deals with public disclosure of risk management policies, capital resources, capital requirements and remuneration policy. The regulatory aim of the disclosure is to improve market discipline and transparency.

The Firm is a limited license firm primarily acts in an execution only capacity in that no specific advice is given to client. It acts solely as agent on behalf of clients and does not undertake proprietary trading.

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# HILBERT INVESTMENT SOLUTIONS LIMITED

## CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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The Firm's key risks have been identified and grouped as either foreign currency risk, credit, business or operational risks. The Firm has assessed these risks in its ICAAP and has set out appropriate actions to manage them.

Foreign currency position risk required @ 8%. Risk weighted exposure amount £8,293. The Company currently keeps a portion of its total cash in foreign currencies (primarily EUR) to diversify its currency risk away from GBP. As company is required to maintain regulatory capital of at least EUR 125,000 keeping a significant portion of this capital in EUR could mitigate the risk of breaching CRD requirements in the event of a significant GBP devaluation. This is a temporary measure and company is following the Brexit developments closely and will adjust its FX and CRD risks accordingly.

### *Credit Risk and counter party Credit Risk*

The Firm's principal exposure to credit risk is the risk that fees cannot be collected and the exposure to banks where cash held is deposited.

The Firm holds all cash with Banks assigned high credit ratings. Consequently risk of past due or impaired exposures is minimal. The firm's business model utilise client settlement accounts held under trust with counterparties reducing the risk of CCR in the event of a counterparty defaulting.

### *Business risk*

By its nature of a broker firm, has a higher business risk than some other types of business. However within this context the Firm again has a conservative business risk appetite.

Currently the Firm has a simple business strategy and the main business risk is the loss of client business.

### *Operational Risk*

This incorporates stringed I.T. controls and processes undertaken as well as the regulatory and contingency planning done at the Firm level. Our operational risk appetite is conservative and, as a result, we invest to mitigate such risks.

Our staffing levels also provide a level of contingency cover in all critical business areas.

The Firm has documented contingency planning and disasters recovery procedures and these are regularly reviewed and tested.

We also aim to keep all aspects of our operations as simple as possible.

## **Corporate Background**

### *The Firm*

The Firm is incorporated in the UK and is authorised and regulated by the FCA. The Firm's activities give it the IFPRU categorisation of a "Limited Licence" and a "IFPRU €125K" firm.

As a Limited Licence Firm we are considered a Proportionality tier three firm for the purposes of the FCA's Remuneration Code.

The Firm is not a member of a UK Consolidation Group and as such this document covers the Firm on a solo basis.

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# HILBERT INVESTMENT SOLUTIONS LIMITED

## CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### **Risk Management and Risk Categories**

For its Pillar 1 regulatory capital calculation of Credit Risk, under the credit risk capital component the Firm has adopted the Standardised approach and calculating risk weights.

Credit Risk calculation at 31 March 2021

Credit Risk Capital Requirement £92,365.

### *Risk Management Objective*

The Firm has a risk management objective to develop systems and controls to mitigate risk to within its conservative risk appetite.

### *Risk Framework*

The Managing Board is responsible for risk management and reviews the effectiveness of the Firm's system of internal controls to manage and mitigate the risks identified.

### **Overall Pillar 2 Rule**

The Firm has adopted the "Pillar 1 plus" approach to the calculation of its ICAAP Capital Resources Requirement as outlined in the Committee of European Banking Supervisors Paper, 25 January 2006.

The ICAAP is reviewed by the Managing Board of the Firm annually, or when a material change to the business occurs.

### *Disclosure: Credit Risk and Dilution Risk*

The Firm is primarily exposed to Credit Risk from the risk of non-collection of fees and the exposure to banks where cash held is deposited.

The Firm holds all cash with an A rated UK bank.

See above (Capital Requirement) for calculation of credit risk as at 31 March 2021.

### *Operational Risk*

The Firm's Fixed Overhead Requirement (FOR) is disclosed as a proxy for the Pillar 1 Operational Risk Capital calculation. The Firm's Pillar 1 Capital Resources Requirement is the higher of FOR/the sum of Market Risk and Credit Risk Requirement.

### *Fixed Overhead Requirement*

£159,334

Disclosures: Exposures to Interest Rate Risk in the Non-Trading Book

Although the Firm has substantial cash balances on its Balance Sheet, there is currently no significant exposure to Interest Rate fluctuations.

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# HILBERT INVESTMENT SOLUTIONS LIMITED

## CAPITAL REQUIREMENTS DIRECTIVE PILLAR 3 DISCLOSURE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### Disclosures: Remuneration

The FCA defines Remuneration Code Staff ("Code Staff") in SYSC 19A.3.4 as senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as those detailed above, whose professional activities have a material impact on the firm's risk profile.

The Firm has decided to treat all Directors as Code Staff.

The Managing Board will consider the need to add any new joiners to the list of Remuneration Code Staff during the year.

### Application

Based on the Firm's profile we have defined ourselves as a Proportionality Tier Three investment firm ("Tier Three Firm") and adopted a proportioned approach to our remuneration policy. We have considered our individual needs on an ongoing basis and where appropriate disapplied certain provisions in accordance with FCA and CEBS/EBA guidance. The Managing Board will review any provisions which have been disapplied on at least an annual basis, to ensure that it continues to be appropriate.

### Information concerning the decision-making process

Due to the size of the Company, we do not consider it appropriate to have a separate remuneration committee. Instead this function is undertaken by the Managing Board. This will be kept under review and should the need arise, the Company will consider amending this arrangement to provide greater independent review.

The Directors are members of the Managing Board and also jointly have an equal voting interest in the Company.

The Managing Board of Hilbert Investment Solutions Limited is responsible for ensuring that the remuneration policy is developed to align with its risk tolerance. No external consultants assisted in this review. Any person with a question regarding the policy or disclosures made under this policy should refer to the Directors who are members of the Managing Board.

### Information on the link between pay and performance

A key objective in utilising the Company's structure was to align the interests of the directors with the overall goal of achieving the best performance over the long-term for the Company.

### Aggregate Value of Directors' remuneration for period to 31 March 2021

Based on the profile of the Company we consider we have one business area, market principal broker and all Directors, as Code Staff, have responsibilities that typically fall within job titles FCA guidance indicated would suggest they are senior personnel whose role impacts the risk profile of the Company.

As such, to comply with the FCA remuneration disclosure requirement, we disclose, as per the audited accounts of the Firm, the total Directors' remuneration which, for the period to 31 March 2021 was £71,350.

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