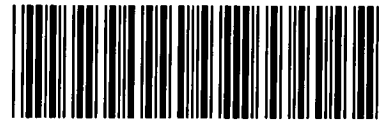


**GOLDENBERG HEHMEYER LLP**  
**REPORTS & FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

SATURDAY



\*A895BM1V\*

A16

06/07/2019

#229

COMPANIES HOUSE

**Registered number: OC316522**

# **GOLDENBERG HEHMEYER LLP**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

### **CONTENTS**

#### **Page:**

1	Strategic report
2	Members' report
5	Independent auditor's report
8	Income statement
9	Balance sheet
10	Statement of changes in equity
11	Statement of cash flows
12	Accounting policies
15	Notes forming part of the financial statements

---

### **DESIGNATED MEMBERS**

GHCO Partners LLC  
S J Consultancy (GB) Ltd  
Said Kaba Marrash  
GH Partner Ltd

### **REGISTERED OFFICE**

5<sup>th</sup> Floor  
5 Greenwich View Place  
London  
E14 9NN

### **REGISTERED NUMBER**

OC316522

### **AUDITORS**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### **BANKERS**

Royal Bank of Scotland  
1<sup>st</sup> Floor, Houblon House  
62-63 Threadneedle Street  
London  
EC2R 8HP

# **GOLDENBERG HEHMEYER LLP**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

---

### **Business Review and Future Developments**

2018 was a mixed year for us.

On a positive note, the market making contracts revenue increased by 48%, and we added two new agreements to the revenue portfolio. The increase, however, was offset by the lack of revenue from the proprietary trading side.

Another notable event, Ralph Goldenberg, who was the Chairman of the LLP, retired from the firm after more than a decade of service. Most part of the year was spent in transitioning the firm to the incoming management team, and making necessary regulatory and legal changes in order to effect the changeover. The process was completed on the 3 January 2019. We are thankful of Ralph's service and we wish him well for his much deserved retirement.

Brexit is another key event that would have significant impact on the firm. At the date of writing, the UK government is seeking a short extension. The firm has implemented a contingency plan in the event of a no-deal Brexit.

The ethos of the firm still remains the same – investing in employees by training them, and leveraging off their skills. The firm continuously reengineers the trading system in order to increase automation and making it more efficient. The firm recognises that with the changing landscape of technology, the investment in this area is crucial to make our processes quicker and better.

In conclusion, the core of the business has not changed. The newly appointed members and the continuing member of the LLP are ready to embark on a journey together.

### **Key Performance Indicators (KPIs)**

The KPIs used by the Members to monitor the performance of the business are as follows:


Margin requirement – we monitor the margin on a daily basis and try to maintain a level which is no more than 75% of Net Liquidating Value.

Gross desk profit and loss – we monitor the day on day gross profit and loss. Any deviation that is  $\pm$ \$200k is flagged and investigated.

### **Principal Risks and Uncertainties**

Information on the principal risks and uncertainties is included in note 13 to the financial statements.

By order of the Board

  
Stephen Jordan

on behalf of

S J Consultancy (GB) Ltd

Designated Member

25 April 2019

## **GOLDENBERG HEHMEYER LLP**

### **MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **Registered number OC316522**

The members are pleased to present their report and the audited financial statements of Goldenberg Hehmeyer LLP ("the LLP") for the year ended 31 December 2018.

#### **Principal activities**

The principal activity of the LLP is to carry on the business of trading on its own account in financial instruments admitted to trading on UK, US and European equity and derivative exchanges such as LSE, Six Swiss, Deutsche Bourse, Borsa Italiana and NYSE. The trades are principally cleared through ABN AMRO and Sova Capital.

#### **Review of the business and future developments**

The review of the business and future developments is set out in the Strategic Report on page 1.

#### **Members' drawings and subscription and repayment of members' capital**

The LLP agreement dated 1 January 2006 governs the policy for members' drawings, subscriptions and repayment of capital.

Each of the members shall be entitled to draw such sums as set out in his Letter of Entitlement or as determined by the Management Committee from time to time.

All amounts drawn are subject to cash being available and the working capital requirements of the business.

In relation to profits, for each accounting period, each 'A' member shall be entitled to an amount equal to its profit share and each 'B' member equal to its fixed profit share and equity profit share.

Members contribute an initial capital amount on admission as a member. Any further capital contributions are made in accordance with the limited liability partnership agreement.

Any 'B' member shall be required to contribute such amount of capital to the LLP as is set out in his Letter of Entitlement or as determined by the Management Committee from time to time.

On retirement, capital is repaid to members provided that either such payments would not cause the LLP to have aggregate capital contributions of less than the regulatory capital requirement or one or more other members immediately contributes further capital in an aggregate amount equal to or greater than the shortfall.

#### **Pillar 3 disclosure**

Information about our capital adequacy, risk assessment, control processes and remuneration policy is available on request through our website at [www.goldenberghehmeyer.co.uk](http://www.goldenberghehmeyer.co.uk).

#### **Members' drawings and the subscription and repayment of members' capital**

The members' drawings in the year amounted to £258,135 (2017: £2,070,512).

The members' contribution in the year amounted to £204,727 (2017: £1,335,534).

## **GOLDENBERG HEHMEYER LLP**

### **MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The members' repayment of capital in the year amounted to £3,374,768 (2017: £705,000).

#### **Designated members**

The following designated members held office during the year to 31 December 2018:

S J Consultancy (GB) Ltd	
Said Kaba Marrash	Appointed 1 January 2019
GH Partner Ltd	Appointed 1 January 2019
GHCO Partners LLC	Resigned 2 January 2019

#### **Disclosure of information to the auditors**

All of the members as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the LLP's auditor is unaware.

#### **Auditors**

BDO LLP, Chartered Accountants, has indicated its willingness to continue in office.

#### **Approval**

This Members' Report was approved by order of the members.

  
.....  
Stephen Jordan

on behalf of

S J Consultancy (GB) Ltd

Designated Member

25 April 2019

## **GOLDENBERG HEHMEYER LLP**

### **MEMBERS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The members are responsible for preparing the members' report and financial statements in accordance with applicable law and regulation.

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations 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 Limited Liability Partnership and of the profit or loss of the Limited Liability Partnership 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The members are responsible for the maintenance and integrity of the corporate and financial information included on the Limited Liabilities Partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. These responsibilities are exercised by the designated members on behalf of the members.

## **GOLDENBERG HEHMEYER LLP**

### **INDEPENDENT AUDITOR'S REPORT**

---

#### **Opinion**

We have audited the financial statements of Goldenberg Hehmeyer Limited Liability Partnership (“the Limited Liability Partnership”) for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Limited Liability Partnership’s affairs as at 31 December 2018 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

#### **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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members’ use of the going concern basis of accounting in the 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.

#### **Other information**

The Members are responsible for the other information. The other information comprises the information included in the annual 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

## **GOLDENBERG HEHMEYER LLP**

### **INDEPENDENT AUDITOR'S REPORT**

---

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 this regard.

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

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

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

#### **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**

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. 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 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.

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

**GOLDENBERG HEHMEYER LLP**

**INDEPENDENT AUDITOR'S REPORT**

---

*BDO LLP*

.....  
Neil Fung-On (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

25 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## **GOLDENBERG HEHMEYER LLP**

### **INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	1	5,648,945	6,547,080
Operating expenses		(7,063,526)	(6,265,005)
<b>Operating profit</b>	2	<b>(1,414,581)</b>	282,075
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>(1,414,581)</b>	282,075
Members' remuneration charged as an expense	9	(69,833)	(258,135)
Gain on fixed asset investments	6	2,238,338	825,507
<b>Profit for the financial year available for discretionary division among members</b>	9	<b>753,924</b>	849,447

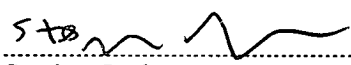
The notes on pages 12 to 23 form part of these financial statements.

**GOLDENBERG HEHMEYER LLP****BALANCE SHEET AS AT 31 DECEMBER 2018**

Registration No: OC316522

	Note	2018 £	2017 £
<b>Fixed Assets</b>			
Tangible assets	5	177,028	102,338
Investments	6	8,451,866	6,213,528
		<u>8,628,894</u>	<u>6,315,866</u>
<b>Current Assets</b>			
Debtors	7	7,611,892	7,076,370
Cash and cash equivalents at bank and brokers	13	9,751,058	11,872,007
		<u>17,362,950</u>	<u>18,948,377</u>
<b>Creditors: amounts falling due within one year</b>	8	<b>(4,083,247)</b>	<b>(751,227)</b>
<b>Net current assets</b>		<u>13,279,703</u>	<u>18,197,150</u>
<b>Net assets</b>		<u>21,908,597</u>	<u>24,513,016</u>
<b>Represented by:</b>			
<b>Loans &amp; amounts due to members within one year</b>			
Loans & amounts due (from)/to members & related parties	9	(55,167)	133,135
		<u>(55,167)</u>	<u>133,135</u>
<b>Equity</b>			
Members' capital	9	6,208,085	9,378,126
Members' other interests – other reserves	9	15,755,679	15,001,755
		<u>21,908,597</u>	<u>24,513,016</u>
<b>Total members' interests</b>			
Loans & other debts due to members & related parties	9	(55,167)	133,135
Equity		21,963,764	24,379,881
		<u>21,908,597</u>	<u>24,513,016</u>

The financial statements on pages 8 to 23 were approved by the members and authorised for issue on 25 April 2019 and are signed on their behalf by:

  
-----  
Stephen Jordan

on behalf of

S J Consultancy (GB) Ltd

Designated Member

The notes on pages 12 to 23 form part of these financial statements.

**GOLDENBERG HEHMEYER LLP****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Members' capital classified as equity</b>	<b>Other reserves</b>	<b>Equity attributable to the members (Total)</b>
<b>At 1 January 2018</b>	9,378,126	15,001,755	24,379,881
<b>Comprehensive income for the year</b>			
Profit for the year	-	753,924	753,924
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>753,924</u>	<u>753,924</u>
<b>Contributions by and distributions to members</b>			
Capital introduced	204,727	-	204,727
Capital repaid	(3,374,768)	-	(3,374,768)
Allocation of profits	-	-	-
<b>Total contributions by and distributions to members</b>	<u>(3,170,041)</u>	<u>-</u>	<u>(3,170,041)</u>
<b>At 31 December 2018</b>	<u><u>6,208,085</u></u>	<u><u>15,755,679</u></u>	<u><u>21,963,764</u></u>
<b>At 1 January 2017</b>	8,747,592	14,152,308	22,899,900
<b>Comprehensive income for the year</b>			
Profit for the year	-	849,447	849,447
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>849,447</u>	<u>849,447</u>
<b>Contributions by and distributions to members</b>			
Capital introduced	1,335,534	-	1,335,534
Capital repaid	(705,000)	-	(705,000)
Allocation of profits	-	-	-
<b>Total contributions by and distributions to members</b>	<u>630,534</u>	<u>-</u>	<u>630,534</u>
<b>At 31 December 2017</b>	<u><u>9,378,126</u></u>	<u><u>15,001,755</u></u>	<u><u>24,379,881</u></u>

The notes on pages 12 to 23 form part of these financial statements.

**GOLDENBERG HEHMEYER LLP****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year before member's remuneration and profit shares</b>		<b>(1,414,581)</b>	282,075
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	5	65,714	50,973
Increase in trade and other debtors		(535,522)	(442,731)
Increase/(decrease) in creditors		3,332,020	(679,141)
Foreign exchange losses/(gains)		2,247,448	(2,356,173)
		<b>3,695,079</b>	<b>(3,144,997)</b>
<b>Cash from operations</b>			
Members' drawings in relation to remuneration	9	(258,135)	(2,070,512)
<b>Net cash generated from operating activities</b>		<b>3,436,944</b>	<b>(5,215,509)</b>
<b>Cash flows from investing activities</b>			
Purchases of tangible fixed assets	5	(140,404)	(90,885)
Foreign exchange in relation to fixed asset investments		-	-
<b>Net cash from investing activities</b>		<b>(140,404)</b>	<b>(90,885)</b>
<b>Cash flows from financing activities</b>			
Capital introduced by members	9	204,727	1,335,534
Allocation of profits	9	-	-
Capital repaid to members	9	(3,374,768)	(705,000)
<b>Net cash used in financing activities</b>		<b>(3,170,041)</b>	<b>630,534</b>
<b>Net increase in cash and cash equivalents</b>		<b>126,499</b>	<b>(4,675,860)</b>
Cash and cash equivalents at the beginning of the year		11,872,007	14,191,694
Foreign exchange gains/(losses)		(2,247,448)	2,356,173
<b>Cash and cash equivalents at end of the year</b>		<b>9,751,058</b>	<b>11,872,007</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		3,226,062	285,812
Cash at brokers		6,524,996	11,586,195
		<b>9,751,058</b>	<b>11,872,007</b>

The notes on pages 12 to 23 form part of these financial statements.

# **GOLDENBERG HEHMEYER LLP**

## **ACCOUNTING POLICIES**

---

### **Basis of accounting**

Goldenberg Hehmeyer LLP is a Limited Liability Partnership incorporated in the England and Wales under the Companies Act. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2017), 'Accounting by Limited Liability Partnerships'.

The financial statements have been prepared on the going concern basis which are based on forecast activities that there are sufficient resources in the LLP to meet its liabilities as and when they fall due.

### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the LLP's accounting policies, which are described below, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The members of the LLP were not required to make any material judgments, estimates and assumptions in this accounting period.

### **Turnover and revenue recognition**

Turnover represents the profit and loss derived from derivative trading activities. Transactions in derivative financial instruments are recorded on the trade date.

### **Trading related costs and VAT**

Direct expenses are incurred in the execution and clearing of trading related transactions.

The LLP is registered for VAT under the reverse charge mechanism, and as a result, where relevant, expenses are shown inclusive of VAT.

### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the ruling rate at that date. All exchange differences are dealt with in the profit and loss account. These financial statements are presented in sterling as this is the currency of the primary economic environment in which the LLP operates.

### **Retirement benefits**

The LLP automatically enrolls all eligible employees into a Qualifying Workplace Pension Scheme (QWPS) under the Pensions Act 2008. The LLP meets the minimum contribution for each eligible employee per the Act's guidelines.

All expenses are recognised in the profit and loss account as they fall due.

# **GOLDENBERG HEHMEYER LLP**

## **ACCOUNTING POLICIES**

---

### **Pension contributions and post retirement payments to members**

The LLP does not provide post-retirement payments to members.

### **Members' remuneration**

Profits attributable to members are determined, allocated and divided between members in accordance with their individual letters of entitlement or as determined by the management committee from time to time. Amounts allocated in accordance with individual letters of entitlement are shown within 'members' remuneration charged as an expense. Profit allocations determined by the management committee are allocated at the date of the approval by the management committee. Unallocated profits are shown within members other interests.

### **Taxation**

Taxation (whether current or deferred) to be paid on members' remuneration is a personal liability of the members and, as such, there are no tax provisions in the financial statements.

### **Investments**

Long term investments are classified as fixed assets and are measured at fair value at year end based on quoted bid prices at the reporting date. Gains or losses on fair value are recognised in the profit or loss account.

### **Tangible fixed assets**

Tangible fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Office & Computer Equipment	3-5 years
Office Fixtures & Fittings	7 years
Computer Software	3 years
Leasehold Improvements	Remaining Lease Term

The useful lives and residual values of the tangible fixed assets are reassessed on an annual basis.

### **Financial assets and liabilities**

All financial assets and liabilities are recorded on the trade date, being the date on which the LLP becomes party to the contractual requirements of the financial asset or liability.

Financial assets and liabilities are only offset and the net amount reported in the balance sheet and profit and loss account when there is a currently enforceable legal right to offset the recognised amounts and the LLP intends to settle on a net basis or realise the asset and liability simultaneously.

The LLP classifies its financial assets and liabilities into one of the following categories depending on the purpose for which they were acquired:

## **GOLDENBERG HEHMEYER LLP**

### **ACCOUNTING POLICIES**

---

*Fair value through profit and loss:* The LLP classes its current and fixed assets investments and positions held at brokers held for trading at fair value through profit and loss with changes in fair value being recognised in the LLP's profit and loss account as turnover.

A financial asset is classed as held for trading if it is acquired for the purpose of achieving short term speculative gains. All derivatives are classed as held for trading as the LLP does not account for these as hedging instruments.

The fair value of financial assets and liabilities that are quoted in an active market is determined by reference to the official exchange or clearing house settlement prices at the close of business at the reporting date.

For financial assets and liabilities that do not have official exchange settlement prices, such as current contracts, the fair value is determined by reference to third party market values at the reporting date. Independent brokers value all underlying positions held and this net value is shown as positions and cash balances with brokers.

*Loans and receivables:* These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors, other debtors and cash at bank), but also incorporate other types of contractual arrangements.

*Cash and cash equivalents at bank and brokers:* Included with this heading on the balance sheet is cash balances with banks of £3,226,062 (2017: £285,812) and cash balances with regulated clearing brokers of £6,524,996 (2017: £11,586,195).

#### **Lease assets and obligations**

All leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

## GOLDENBERG HEHMEYER LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 1. Turnover

The LLP's turnover is derived from its principal activity and foreign exchange gains and losses related to that activity, which includes interest receivable and similar income and interest payable and similar charges. All turnover is derived from the United Kingdom.

#### 2. Operating profit

	2018	2017
	£	£
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation and amounts written off tangible fixed assets:		
- Charge for the year:		
Owned assets	65,714	50,973
Auditors' remuneration		
- As auditors pursuant to legislation	22,038	22,550
- For tax compliance services	7,431	7,688
- Other tax services	18,450	-
Foreign exchange losses/(gains)	2,247,448	(2,356,173)
Operating lease rentals		
- Land and buildings	117,081	114,484
	<u>117,081</u>	<u>114,484</u>

All of the expenses above, with the exception of Auditor's remuneration, include irrecoverable VAT where applicable. For the Auditor's remuneration the irrecoverable VAT amounted to £4,407 (2017: £4,510) for audit services, £1,487 (2017: £1,435) for tax compliance services, and £3,690 (2017: £1,538) for other tax services.

#### 3. Employees

	2018	2017
The average number of persons employed by the LLP during year was:		
Trading Staff	8	9
Administrative Staff	14	16
	<u>22</u>	<u>25</u>
	<u>22</u>	<u>25</u>
	2018	2017
	£	£
Staff costs for the above persons:		
Wages and salaries	1,631,973	1,378,322
Social security costs	198,026	159,883
Employer's pension contribution	27,761	13,936
	<u>1,857,760</u>	<u>1,552,141</u>
	<u>1,857,760</u>	<u>1,552,141</u>

**GOLDENBERG HEHMEYER LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. Members' remuneration**

	2018	2017
Average number of Members	2	2
Profit attributable to member with highest entitlement to profit	<b>69,833</b>	258,135

**5. Fixed assets – Tangible**

	Furniture & Fittings	Office, & Computer Equipment & Software	Leasehold Improvements	Total
	£	£	£	£
<b>Cost</b>				
1 January 2018	5,495	286,504	56,761	348,760
Additions	-	63,780	76,624	140,404
<b>31 December 2018</b>	<b>5,495</b>	<b>350,284</b>	<b>133,385</b>	<b>489,164</b>
<b>Depreciation</b>				
1 January 2018	3,042	197,089	46,291	246,422
Charged in the year	785	51,937	12,992	65,714
<b>31 December 2018</b>	<b>3,827</b>	<b>249,026</b>	<b>59,283</b>	<b>312,136</b>
<b>Net book value</b>				
<b>31 December 2018</b>	<b>1,668</b>	<b>101,258</b>	<b>74,102</b>	<b>177,028</b>
Net book value 31 December 2017	2,453	89,415	10,470	102,338

**6. Fixed assets - Investments**

	Listed shares £
<b>Net book value</b>	
As at 1 January 2018	6,213,528
Change in fair value	2,238,338
<b>As at 31 December 2018</b>	<b>8,451,866</b>

## **GOLDENBERG HEHMEYER LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **7. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Due within one year:		
Amounts due from related parties	<b>6,237,856</b>	6,373,678
Prepayments and accrued income	<b>341,423</b>	137,462
Other debtors	<b>1,032,613</b>	565,230
	<b><u>7,611,892</u></b>	<u>7,076,370</u>

#### **8. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>66,230</b>	118,040
Accruals and deferred income	<b>842,404</b>	575,546
Other creditors	<b>3,111,265</b>	-
VAT payable	<b>21,751</b>	16,930
Other taxes and social security	<b>41,597</b>	40,711
	<b><u>4,083,247</u></b>	<u>751,227</u>

**GOLDENBERG HEHMEYER LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**9. Reconciliation of members' interests**

	EQUITY			DEBT		TOTAL
	Members' Capital £	Other Reserves £	Total £	Loans and other debts due to members less any amounts due from members in debtors Other amounts £	Total £	MEMBERS' INTEREST Total £
Amounts due to members	9,378,126	15,001,755	24,379,881	133,135	133,135	<b>24,513,016</b>
Amounts due from members	-	-	-	-	-	-
	<u>9,378,126</u>	<u>15,001,755</u>	<u>24,379,881</u>	<u>133,135</u>	<u>133,135</u>	<u><b>24,513,016</b></u>
Balance at 31 December 2017	9,378,126	15,001,755	24,379,881	133,135	133,135	24,513,016
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	69,833	69,833	<b>69,833</b>
Profit for the year available for division among members	-	753,924	753,924	-	-	<b>753,924</b>
Members' interests after the profit for the year	9,378,126	15,755,679	25,133,805	202,968	202,968	<b>25,336,773</b>
Drawings	-	-	-	(258,135)	(258,135)	<b>(258,135)</b>
Allocation of profits	-	-	-	-	-	-
Capital introduced/ (repaid) by members	<u>(3,170,041)</u>	<u>-</u>	<u>(3,170,041)</u>	<u>-</u>	<u>-</u>	<u><b>(3,170,041)</b></u>
Amounts due to members	6,208,085	15,755,679	21,963,764	(55,167)	(55,167)	<b>21,908,597</b>
Amounts due from members	-	-	-	-	-	-
	<u>6,208,085</u>	<u>15,755,679</u>	<u>21,963,764</u>	<u>(55,167)</u>	<u>(55,167)</u>	<u><b>21,908,597</b></u>
Balance at 31 December 2018	<b>6,208,085</b>	<b>15,755,679</b>	<b>21,963,764</b>	<b>(55,167)</b>	<b>(55,167)</b>	<b>21,908,597</b>

Loans and other debts due to members rank pari passu with other unsecured creditors. The terms of members' capital are set out in the members' report.

## GOLDENBERG HEHMEYER LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### 10. Commitments under operating leases

	2018	2017
	£	£
As at 31 December 2018 the LLP has total future minimum lease payments under non-cancellable operating leases as follows:		
Land and buildings		
Not later than 1 year	64,584	128,599
Between in 2-5 years	223,291	-
	<u>287,875</u>	<u>128,599</u>

#### 11. Controlling party

Ralph I Goldenberg (Chairman of the Management Committee) the sole owner of GHCO Partners LLC who in turn owns 100% of the A points and over 97% of all voting rights is considered to be the ultimate controlling party.

#### 12. Related party disclosures

The following transactions took place between the LLP and its related entities during the year:

	2018	2017
	£	£
Net short-term loan movements advances to a company under common control	15,445	29,209
	<u>15,445</u>	<u>29,209</u>

The following receivable and payable balances relating to a company under common control and an individual were included in the balance sheet:

	2018	2017
	£	£
Short-term loans - receivable	6,237,856	6,373,678
	<u>6,237,856</u>	<u>6,373,678</u>

The short-term loan of £6,237,856 (2017: £6,373,678) due from a related party under common control, is guaranteed by Ralph I Goldenberg as well as by GHCO Partners LLC and is considered fully recoverable at any time.

Capital contribution of £204,727 was introduced by S J Consultancy (GB) Ltd during the year.

£3,174,769 and £200,000 of capital were repaid to GHCO Partners LLC, and S J Consultancy (GB) Ltd, respectively during the year.

Key management personnel include all designated corporate members and the associated individuals who together have authority and responsibility for planning, directing and controlling the activities of the LLP. The total compensation paid to key management personnel for services provided was £69,833 (2017: £258,135).

## GOLDENBERG HEHMEYER LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 13. Financial Risk Management

Financial assets held at fair value comprise:

	2018	2017
	£	£
Fixed asset investments – available for sale financial assets	8,451,866	6,213,528

Financial assets classified as loans and receivables held at amortised cost comprise:

	2018	2017
	£	£
Amounts due from related parties	6,237,856	6,373,678
Other debtors due within one year	1,032,613	565,230
Other debtors due in more than one year	-	-
Cash and cash equivalents at bank and brokers	9,751,058	11,872,007
	<u>17,021,527</u>	<u>18,810,915</u>

Other financial liabilities are measured at amortised cost and comprise of:

	2018	2017
	£	£
Trade creditors	66,230	118,040
Other creditors	3,111,265	-
VAT payable	21,751	16,930
Other taxes and social security	41,597	40,711
	<u>3,240,843</u>	<u>175,681</u>

The financial liabilities above have a maturity of less than 60 days.

At 31 December 2018 and 31 December 2017 the carrying values of financial assets and liabilities were not materially different to their fair values. Financial assets and liabilities are carried at fair value defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices above that are observable for the asset or liability.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

At 31 December 2018 and at 31 December 2017, all financial assets and liabilities carried at fair value were valued using Level 1 quoted prices valuation techniques.

	2018	2017
	£'000	£'000
Financial instruments held for trading (long)	181,119	207,751
Financial instruments held for trading (short)	(157,272)	(167,755)
Cash	(14,096)	(28,125)
	<u>9,751</u>	<u>11,871</u>

## **GOLDENBERG HEHMEYER LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **The Risk Management Framework**

The LLP has a risk management objective to develop systems and controls to mitigate risk to within its risk appetite, which is in line with the overall business strategy. The risk management objective is set and reviewed regularly to ensure that it is adequate for the size and the complexity of the business.

The LLP also fosters a culture where all staff are owners, and have a sense of involvement and responsibility. The LLP has reasonable expectations from its staff to observe rules and procedures, as well as to have an understanding of the value of compliance. The LLP also provides appropriate training to its staff from time to time to support these ethos.

The Management Committee is responsible for the day to day management of the LLP. The Senior Management team is responsible for ensuring that the LLP has in place a suitably robust Risk Management Framework in order to ensure that risks are adequately identified, assessed and mitigated. Exposure is monitored against the approved risk appetite on an ongoing basis through the risk reporting and escalation process. The review and assessment of risk appetite is updated on at least an annual basis.

The LLP does not have an internal audit function. The LLP's in-house compliance function undertakes tests of an internal audit nature in its compliance monitoring programme.

#### **Liquidity risk**

Liquidity risk is the risk that the LLP will be unable to meet financial commitments arising from its business activities. Principally given the nature of the LLPs business this means it will be unable to answer a margin call. This risk is monitored on a daily basis by comparing the LLP's net liquidating value (the total value of all its cash and cash equivalents) with the margin requirements set by its bankers.

	<b>NLV</b>	<b>Margin</b>	<b>Cover</b>
	<b>£'000</b>	<b>Requirement</b>	<b>%</b>
		<b>£'000</b>	
<b>At 31 December 2018</b>	<b>18,203</b>	<b>7,540</b>	<b>199%</b>
At 31 December 2017	18,086	10,640	170%

This check against third parties figures is considered to be the control of prime importance to the LLP, but from a regulatory perspective the risk is divided into market risk, credit risk and operational risk requirements and the cover the LLP has of those three risk requirements.

#### **Market risk**

Market risk is the risk that arises from fluctuations in the values of assets held within the LLP's trading book, which comprises of three parts – equity position risk, interest risk and currency risk. The LLP's trading book activities are long and short positions in Financial Futures, Exchange Traded Funds and Currency. Risk is mitigated by keeping a balanced portfolio (i.e. market neutral trading book) where long and short positions are hedged against other long and short positions in equivalent (but not necessarily identical) futures, ETFs and currency balances such that any move in equities, interest rates, and currencies should have insignificant impact (positive or negative) on the profit and loss account. As a result, a sensitivity analysis has not been performed.

## GOLDENBERG HEHMEYER LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

---

#### Credit risk

Credit risk is the risk of a financial loss from a counterparty's failure to settle financial obligations as they fall due. The LLP's FCA authorisation only permits the company to act for Eligible Counterparties and financial due diligence is undertaken as part of the new counterparty approval process. The LLP does not make use of external credit ratings in deciding whether to take on a new counterparty. Credit risk is mitigated by trading on a cash against delivery basis and on normal settlement terms directly with our regulated clearing brokers.

Counterparty risk within the trading book is monitored daily. Settlement risk is mitigated as a result of the delivery versus payment mechanism whereby if a counterparty fails to make payment, the stock is not delivered and vice versa. In such circumstances the risk is akin to market risk whereby for a debtor, as long as the market price of the stock has not fallen, and for a creditor, as long as the market price has not risen, no loss is incurred. Risk exposure in relation to cash and cash equivalents is mitigated by using a number of regulated clearing brokers and banks with strong credit ratings.

The following table discloses the maximum credit exposure on assets:

	<b>Debtors</b> (Note 7)	<b>Cash and cash equivalents</b>	<b>Fixed Assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 31 December 2018</b>	<b>7,611</b>	<b>9,751</b>	<b>8,629</b>	<b>25,992</b>
At 31 December 2017	7,076	11,872	6,316	25,264

At 31 December 2017 none of the total current financial assets of £25,991,844 were past their due date (2017: none out of £25,264,243). No impairment provision has been made against the recoverability of any assets.

#### Operational Risk

Operational risk is associated with the losses arising from inadequate or failed internal processes, personnel, systems or external events. The IT infrastructure and Human Resources risks as considered of prime importance for the Firm. Processes are put in place to ensure the LLP's exposure to these risks are appropriately considered and mitigated.

#### Capital Resources

To meet the Capital Adequacy Resources Requirement, the LLP is required to hold the greater of the base capital requirement of €730,000; or the sum of the credit and market risks based on a risk weighted balance sheet, and the operational risk requirement.

The Capital Adequacy Resources is calculated in accordance with Article 26 of CRD IV, which is the Common Equity Tier 1 items. The items included in this calculation are the members' capital and retained earnings minus certain deductions. Article 46 of CRD IV requires the LLP to deduct instruments of financial sector entities where the firm does not have a significant investment from its Tier 1 capital.

The LLP carries out its Internal Capital Adequacy Assessment Process (ICAAP) at least once annually to ensure that it remains in excess of its minimum capital requirement under the CRD IV.

## **GOLDENBERG HEHMEYER LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **14. Country by country reporting**

The disclosures set out in the table are required by The Capital Requirements (Country by Country Reporting) Regulations 2013. The requirements originate from Article 89 of CRD IV.

<b>Country</b>	<b>Entity established</b>	<b>Description of activity</b>	<b>Turnover £'000</b>	<b>Profit (or loss) before tax £'000</b>	<b>Number of employees</b>
UK	Goldenberg Hehmeyer LLP	Trading on its own account in financial instruments	5,649	754	22

The LLP is not liable for any taxation as this is the responsibility of each members, as such, no tax provisions are made in the financial statements. The LLP did not receive any public subsidies during the year.

#### **15. Events after the reporting period**

There LLP underwent ownership changes in January 2019. Two members, Mr Said Kaba Marrash and GH Partner Limited, were appointed as the members of the LLP on 1 January 2019. S J Consultancy (GB) Ltd remains as a continuing member of the LLP.

GHCO Partners LLC resigned as a member of the LLP on the 3 January 2019. Ralph Goldenberg, who was the sole owner of GHCO Partners LLC, ceased to be the ultimate controlling party on this date.