



**Ascencia Investment Management (AIM) Limited
Internal Capital Adequacy and Risk Assessment (ICARA)**

31/03/2025



**Dynamic Investment Solutions.
Defined By Life.**

ICARA document for Ascencia Investment Management Limited
For Financial Year Ended 31st December 2025

1. Executive summary

1.1 Firm details

- Ascencia Investment Management Limited (AIM) is authorised and regulated by the Financial Conduct Authority (FRN: 409409)
- It has been authorised by the competent authority from 17 December 2004
- The scope of the firm's permission profile is as follows:
 - Agreeing to carry on a regulated activity
 - Advising on investments (except on Pension Transfers and Pension Opt-Outs)
 - Advising on P2P agreements
 - Arranging (bringing about) deals in investments
 - Arranging safeguarding and administration of assets
 - Dealing in investments as agent
 - Making arrangement with a view to transactions in investments
 - Managing investments
- For details of the firms structure please appendix A organisational structure chart
- The management body consists of:
 - Elaine Cullen-Grant - Finance Director SMF3 (ECG)
 - Richard Cullen Fraser - Director SMF3 (RCF)
 - Mark Stuart Holt - Director SMF3 (MH) (to 10/9/24)
 - Simon Callow – Director SMF3 (SC) (from 18/6/24)
 - Denise Moore - Compliance Director SMF 16 17 (DM) (to 10/9/24)
 - Adrian Maguinness - Senior Compliance & Risk Officer (from 29/8/24 SMF 16 & 17)
- AIM is a core SM&CR firm
- AIM is an SNI MIFIDPRU investment firm

1.2 Overview of our ICARA process

- This assessment covers AIM only as an SNI MIFIDPRU investment firm
- Active current risk controls:
 - Full orderly and disorderly wind up plan
 - Regular reactive assessments of capital position
- Responsibility for completing the assessment is ECG
- AIM does not deal with retail clients so the assessment of harm to consumers has concluded that the risk is extremely low
- AIM does not deal on its own account nor does it hold client money, considering this and the relative size of the business, the risk to the market has been assessed as remote
- Current internal governance controls:

- AIM is subject to basic standards in respect of the MIFIDPRU remuneration code, most notably the following provisions:

SYSC 19G.2.8R01/01/2022

A firm must ensure that its remuneration policies and practices are consistent with, and promote sound and effective, risk management.

SYSC 19G.2.9R01/01/2022

A firm must ensure that its remuneration policies and practices are in line with the business strategy, objectives and long-term interests of the firm.

- AIM is owned 100% by Frenkel Topping Group Plc (see appendix A organisational structure chart)
- AIM is part of an investment firm group (Group) for the purposes of IFPR. The Group consists of:
 - o AIM
 - o Frenkel Topping Limited
 - o Frenkel Topping Group Holdings Limited
 - o Frenkel Topping Group Plc
- AIM manages portfolios on behalf of recipients of personal injury settlements which is consider to be a non-complex activity
- The business model and strategy of the firm is documented, including its risk strategy, risk appetite and risk profile
- AIM's portfolios are distributed through Frenkel Topping Limited primarily
- The firm makes use of off-the-shelf IT software and various research providers
- Bearing in mind the overall financial adequacy rule, this assessment has been deemed by the board to be adequate in its proportionality in assessing the capital required to operate stably and the scope of the activities carried out
- The firms ICARA questionnaire is due to be submitted via the REGDATA system 30/04/2025
- The management body is aware of the various triggers that require notification to the FCA
- This assessment was created on 31/03/25 and will be assessed annually hereafter

MIFIDPRU 7.8.2R01/12/2021

A firm must review the adequacy of its ICARA process:

- (1) at least once every 12 months; and
- (2) irrespective of any review carried out under (1), following any material change in the firm's business model or operating model

- Capital assessments are carried out periodical throughout the year

2. Our firm's ICARA process

2.1 Adequate financial resources

AIM at all times complies with FCA PRIN 4 'a firm must maintain adequate financial resources' and the relevant threshold condition (COND 2.4 appropriate resources)

2.2 Business model assessment

AIM's business model revolves around designing portfolios to protect vulnerable customers by structuring portfolios with a view towards asset protection.

The firm intends to grow the business by increasing the assets held on a discretionary mandate.

2.3 Identification of 'harms' and analysis of risk management

A regular Investment Management Committee meeting is held monthly to review performance, identify and discuss outcomes.

Member	Capacity
Richard Fraser	AIM IMC CEO & Chairman
Adrian Maguinness	Senior Compliance & Risk Officer
Simon Callow	Chief Investment Officer
Anthony Holt	Investment Director
Chris Caveney	Investment Manager
Denise Moore (to 10/9/24)	Non-voting (observer capacity only)
Debra Smith	Non-voting (minute taking capacity only)

A register is kept of internal flags that might result in poor outcomes.

An orderly wind down would cause no disruption to the market.

The firm already has significant reserves of capital and these have been deemed to be more than adequate.

B MIFIDPRU 7 Annex 1 Guidance on assessing potential harms that is potentially relevant to all firms

AIM holds a risk register and liquidity monitoring policy

2.4 Assessment of own funds threshold requirements, liquid assets threshold requirement and notification requirements

Calculation of Own Funds Requirement (OFR)

A firm's own funds requirement is the higher of its Permanent Minimum Requirement (PMR) or Fixed Overheads Requirement (FOR). It is a minimum requirement.

Permanent Minimum Requirement (PMR)

The firm's permanent minimum requirement has been assessed as £75,000 as per MIFIDPRU 4.4.4.

MIFIDPRU 4.4.4R01/01/2022

(1) Where a MIFIDPRU investment firm satisfies the conditions in (2), its permanent minimum capital requirement is £75,000.

(2) The relevant conditions are:

(a) the only investment services and/or activities that the firm has permission to carry on are one or more of the following:

(i) reception and transmission of orders in relation to one or more financial instruments;

(ii) execution of orders on behalf of clients;

(iii) portfolio management;

(iv) investment advice; or

(v) placing of financial instruments without a firm commitment basis; and

(b) the firm is not permitted to hold client money or client assets in the course of MiFID business; and

(c) the firm is not appointed to act as a depositary in accordance with FUND 3.11.10R(2) or COLL 6.6A.8R(3)(b)(i).

Fixed Overheads Requirement (FOR)

The firm's own FOR is defined in MIFIDPRU 4.5.1 as an amount equal to one quarter of the firm's relevant expenditure during the preceding year.

On an unconsolidated basis for AIM, this is calculated as follows for 2025 based on 2024's accounts:

	Annual	One quarter - FOR
Total expenditure before distribution of profits	1,444,571	361,143
Deductible items as per MIFIDPRU 4.5.1R(1):		
Discretionary bonuses	(100,074)	(25,019)
Non-recurring expenses from non-ordinary activities	(29,591)	(7,398)
Taxes where they fall due in relation to the annual profits of the firm	(217,842)	(54,461)
Fixed overheads requirement (FOR)	1,097,064	274,266

As at 31/12/24 AIM had CET1 to meet the requirement of £5.8m.

For the Group the requirement increases as follows:

	Annual	One quarter - FOR
Total expenditure before distribution of profits	9,744,760	2,436,190
Deductible items as per MIFIDPRU 4.5.1R(1):		
Discretionary bonuses	(942,004)	(235,500)
Non-recurring expenses from non-ordinary activities	(125,444)	(31,361)
Taxes where they fall due in relation to the annual profits of the firm	(186,538)	(46,635)
	<hr/>	<hr/>
Fixed overheads requirement (FOR)	8,490,774	2,122,694

As at 31/12/24 the Group had CET1 equity to meet the requirement of £34.0m. Goodwill arising from the acquisitions of firms within the Group has been excluded as part of the CET1 calculation.

Calculation of Own Funds Threshold Requirement (OFTR)

As part of its ICARA process, the firm has considered whether it needs to hold additional capital to:

- Mitigate any risk of harms arising from ongoing operations; and
- Ensure the business can be wound down in an orderly manner.

Within the FOR are staff costs for skilled staff members whose roles include responsibility for mitigating such harms and winding down the business in an orderly manner, should that be necessary. As such, the firm does not consider additional capital to be necessary.

	AIM	Group
Tier 1 (CET1)	5,773,068	41,010,867
Less: intangibles	-	(7,020,287)
Net CET1 capital	<hr/> 5,773,068	<hr/> 33,990,580
Firm's own funds requirement is the higher of the PMR (£75k) and FOR:		
Fixed overheads requirement (FOR)	274,266	2,122,694
Own funds requirement	<hr/> 274,266	<hr/> 2,122,694
Additional capital	-	-
Own funds threshold requirement	<hr/> 274,266	<hr/> 2,122,694
Surplus/(deficit)	<hr/> 5,498,802	<hr/> 31,867,886

Basic Liquid Assets Requirement (BLAR)

The Basic Liquid Asset Requirement (BLAR) is one third of the FOR. Two thirds of the BLAR must be met from core liquid assets. Core liquid assets include cash and one-month trade debtors with a 50% haircut (all debtors in the Group have 30 day terms); debtors can account for no more than 1/3 of the BLAR requirement.

For 2025, this is calculated as follows:

AIM:

Basic liquid assets requirement – 1/3 of FOR		91,422
Core liquid assets held by firm:		
Cash at bank	803,786	
One-month trade debtors with 50% hair cut	216,917	
Core liquid assets held by firm	<hr/>	1,020,703
Surplus/(deficit) on BLAR		<hr/> 929,281

Group:

Basic liquid assets requirement – 1/3 of FOR		707,565
Core liquid assets held by firm:		
Cash at bank	1,049,628	
One-month trade debtors with 50% hair cut	1,691,542	
Core liquid assets held by firm	<hr/>	2,741,170
Surplus/(deficit) on BLAR		<hr/> 2,033,065

As shown above, as at 31/12/2024, AIM and the Group had cash in excess of the BLAR, before needing to include a calculation in relation to debtors.

Liquid Assets Threshold Requirement (LATR)

The firm considers its LATR to be equal to its FOR. However, these sums are still available to be met by the firm's core liquid assets.

Notification requirements to the FCA

AIM

Notification requirements to the FCA (MIFIDPRU 7.6.11) – Capital

MIFIDPRU requirement	Firm requirement	AIM's figures as at 31/12/24	% surplus
Early warning indicator = 110% of FOR	301,693	5,773,068	1814%
Own funds threshold requirement	274,266	5,773,068	2005%
Own funds wind-down trigger (FOR)	274,266	5,773,068	2005%

Notification requirements to the FCA (MIFIDPRU 7.7.14) – Liquidity

MIFIDPRU requirement	Firm requirement	AIM's core liquid assets as at 31/12/24	% surplus
Basic liquid asset requirement (BLAR)	91,422	1,020,703	1016%

Group

Notification requirements to the FCA (MIFIDPRU 7.6.11) – Capital

MIFIDPRU requirement	Firm requirement	Group's figures as at 31/12/24	% surplus
Early warning indicator = 110% of FOR	2,334,963	33,990,580	1356%
Own funds threshold requirement	2,122,694	33,990,580	1501%
Own funds wind-down trigger (FOR)	2,122,694	33,990,580	1501%

Notification requirements to the FCA (MIFIDPRU 7.7.14) – Liquidity

MIFIDPRU requirement	Firm requirement	Group's core liquid assets as at 31/12/24	% surplus
Basic liquid asset requirement (BLAR)	707.565	2,741,170	287%

The firms will notify the FCA immediately if its liquid assets fall below its liquid assets wind down figure, or the firm considers that there is reasonable likelihood its liquid assets will fall below its liquid assets wind down trigger in the foreseeable future (BLAR).

2.5 Stress testing

The firm has headroom to the extent of:

- 21x exceeding FOR in Ascencia
- 16x exceeding FOR in the Group
- 11x exceeding BLAR in Ascencia
- 4x exceeding BLAR in the Group

It would therefore require a fundamental change to the business, far beyond the economic turbulence of recent years, in order to compromise the firm's position.

Additionally, the firm holds cash in a separate bank account equal to two thirds of the Group's BLAR (i.e. the larger of the two and the amount which must be met from core liquid assets) which will not be touched, therefore ensuring compliance at all times.

There are also many other profitable companies within Frenkel Topping Group Plc (see appendix A – group structure chart) which would be in a position to transfer cash to the investment firm group if necessary to do so.

2.6 Wind down planning

The firm holds a full Wind Down Plan which is reviewed annually.

Any decision to wind-down the firm will involve the following stages:

Stage 1

ECG will lead the process and consult with shareholders on the following:

- Analyse all costs to the business to identify areas where costs could be reduced.
- Where the threat is financial, assess the amount of capital required to be injected into the firm to maintain its viability. In the first instance, the firm would look to existing shareholders to provide this capital.

Stage 2

The firm would look for potential investors to acquire or invest in the firm to return it to a viable position.

If these recovery measures fail and a viable investor or capital injection is not achievable within the required time, a meeting of the Board and departmental managers (where applicable) will take place and the wind-down plan will be triggered.

Stage 3

ECG will lead the wind-down planning process and will be responsible for putting in place a realistic project management timeline once the decision to wind-down has been made. This will set out in more detail:

- A timeline of wind-down planning activities – for example, month 1 tasks, month 2 tasks etc.
- What needs to be done at each stage and by whom
- Who is responsible for each of the actions set out in the procedure
- The governance processes to oversee the wind-down plan once it has been invoked

The plan includes:

- a consideration of costs and income during the wind-down period
- a communications plan
- actions necessary to protect the interests of clients
- cancellation of permissions

2.5 Recovery actions

As noted, the firm holds cash in a separate bank account equal to the BLAR if the Group (i.e. the larger of the two) which will not be touched, therefore ensuring compliance at all times

However, should the firm breach the threshold requirements at any time, an immediate meeting of the SM&CR team would be called in order to determine actions necessary to recover the position.

If the breach occurred in the firm alone, the likely solution would be raising additional cash, or capital depending on the requirement, from the parent company, or its shareholders.

If the breach occurred on a Group basis, the likely solution would be payment of dividends from other companies owned by Frenkel Topping Group Plc or raising additional capital from its shareholders.

4. Senior management - Review and approval

This ICARA document was reviewed and approved on 31st March 2025 by the senior management

Name	Elaine Cullen-Grant	Position	CFO
Signature		Date	31/03/2025

Appendix A – organisational structure chart as at 31/12/2024



