

# zeus

Zeus Capital Limited

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## MIFIDPRU Disclosures

31 March 2024

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# ZEUS

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# ZeUS

## Introduction

### **Business Background**

Zeus Capital Limited (“ZCL”) (CHN: 04417845) is a Limited Liability Firm. ZCL was incorporated on 16<sup>th</sup> April 2002 and authorised on 22<sup>nd</sup> September 2003 (FRN: 224621) and is regulated by the Financial Conduct Authority (“FCA”). ZCL’s primary activity is the provision of corporate financial advisory services.

ZCL is classified as a ‘MIFIDPRU investment firm’ and falls into scope of the Prudential sourcebook for MiFID Investment Firms (“**MIFIDPRU**”) of the FCA handbook. ZCL is required to comply with the disclosure requirements set out in MIFIDPRU 8.

For the purpose of prudential regulations, ZCL does not meet the criteria to be classified as a ‘small and non-interconnected (“SNI”) investment firm and so is classified as a ‘non-SNI investment firm. The information provided here is appropriate for the size and nature of the company.

### **Basis and Purpose of Disclosure**

This disclosure provides market participants with both qualitative and quantitative information of ZCL’s governance, risk management processes, own funds makeup and own funds requirements and ZCL’s remuneration policies and processes to a level of detail which is appropriate to ZCL’s size, and to the nature, scope and complexity of its activities.

ZCL is 100% owned by Zeus Capital Investment Limited (UK) which itself is 100% owned by Zeus Group Limited. Zeus Group Limited which itself is 97.3% owned by Irwell Investments Limited (formally Zeus Family Office Limited), which is the ‘UK parent financial holding company’ of the resulting ‘UK investment firm group’. The ‘UK investment firm group’ is prudentially supervised on a consolidated basis alongside the standalone supervision of ZCL. As per the requirements of MIFIDPRU 8.1.7, this disclosure has been prepared on a standalone basis.

This disclosure has been prepared as at ZCL’s financial year-end, 31 March 2024, to align with the published annual financial statements.

These disclosures are revised at least annually (with additional updates prepared during periods of material change) and published on the company website.

## **Risk Management Objectives & Policies (MIFIDPRU 8.2)**

### **Risk Management Structure and Operations**

The Directors meet monthly and oversee ZCL's Risk Management Framework, identifying any potential risks and oversee the prevailing already established potential harms of the firm.

The Chief Financial Officer & Compliance Director ("CFO & CD") is the nominated Board member supporting and promoting the risk management framework and subsequent risk management policies at the Committee Meetings, where appropriate, and actively promoting the risk management framework to all Zeus employees.

The component parts of the risk management framework will be reviewed annually by the CFO & CD and presented to the Risk and Regulatory Committee ("RRC") annually for ratification. Further, the CFO & CD will review any element of the risk management framework that is reported to have failed on an ad-hoc basis.

The controls and governance structures established by the Board and contained within the risk management framework are considered appropriate to the size, nature and complexity of the Firm's activities.

The majority of the Firm's income is derived from its extensive relationships with its core client base whereby it helps and advises on a variety of transactions for them, including acquisitions, sales, management buy outs and buy ins, IPOs and secondary fund raises. To support such a strategy the Firm has a set of policies and procedures which are clear and resilient, supported by well-established systems and controls.

As part of ZCL's ongoing monitoring of its objectives and policies, it ensures it remains compliant with own funds requirements (MIFIDPRU 4), concentration risk requirement (MIFIDPRU 5) and liquidity requirement (MIFIDPRU 6). Each of these are monitored monthly by ZCL's Finance Function which is in turn reported to the Risk and Regulatory Committee and disclosed and reported to the FCA on a monthly basis.

### **Risk Appetite**

The Board of ZCL has little appetite for risk and no appetite for risk associated with non-compliance in relation to FCA rules and financial crime (including market abuse, money laundering and terrorist financing). Whilst ZCL would be prepared to tolerate unexpected costs, controls are in place to ensure to ensure these do not exceed tolerance levels.

The group's risk appetite is reviewed and considered by the "RRC" as part of the risk framework.

### **Effectiveness of risk management process**

ZCL formally reviews its risk management processes and framework through its ICARA process at least on an annual basis. The Board of Directors challenge, review and update the framework and ensure that it remains effective for ongoing operational purposes and fit for purpose.

## Governance Arrangements (MIFIDPRU 8.3)

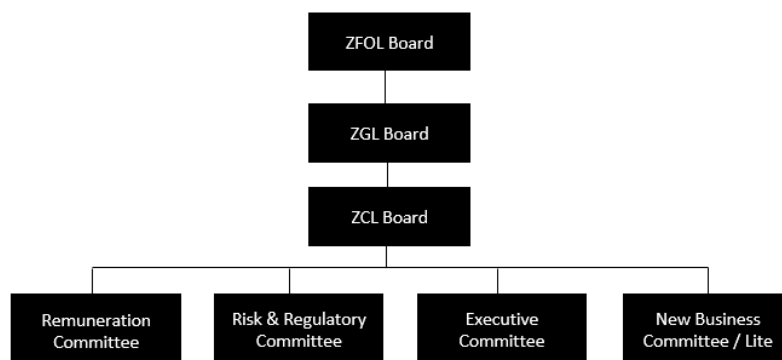
The Board of directors of ZCL (the “ZCL Board”) provides overall governance and strategic direction by applying sound business judgment in the best interests of ZCL, its customers and the markets in which ZCL trades. The Board is also responsible for approving ZCL’s risk management framework and overseeing and approving the ICARA process.

The ZCL Board is accountable to the FCA to ensure the FCA’s Principles for Business as set out in PRIN and all other regulatory obligations are adhered to in the conduct of ZCL. Decisions are only made after taking into consideration the regulatory obligations of ZCL, and the interests of clients, employees and other stakeholders.

The Irwell Investments Limited (formally Zeus Family Office Limited) Board (“ZFOL Board”) has delegated to the Zeus Group Limited Board (“Group Board”) the responsibility for developing and approving the appropriate business strategy for the group, ensuring that sufficient resources are in place to achieve that strategy. The Group Board approves and adopts the ICARA process for the group, upon recommendation from the ZCL Board.

Processes and systems are in place to ensure that the ZCL Board and the Group Board receive the MI they need to effectively perform their roles. The Executive Directors of ZCL are intimately involved in the running, operation and management of ZCL and all major decisions are discussed in depth at scheduled or ad hoc Board meetings and escalated to the Group Board where appropriate. The Executive Directors of ZCL have a wide range of experience and knowledge and therefore well placed to be responsible for managing ZCL.

The ZCL Board and the Group Board are both chaired by an independent, non-executive Chairman with extensive legal and commercial knowledge and experience.



## Own Funds (MIFIDPRU 8.4)

Under MIFIDPRU 8.4 (Own funds), firms are required to disclose the following information:

- a reconciliation of CET1, AT1 and T2 items including relevant deductions
- a reconciliation against the balance sheet
- a description of the CET1, AT1 and T2 makeup

## Composition of Own Funds

The below figures are reported in pound sterling 31 March 2024:

|    | Item  | Amount (GBP) | Source based on reference numbers of the audited financial statements |
|----|---|--------------|---|
| 1  | OWN FUNDS   | 15,655,981   |   |
| 2  | TIER 1 CAPITAL  |              |   |
| 3  | COMMON EQUITY TIER 1 CAPITAL  |              |   |
| 4  | Fully paid-up capital instruments                                     | 80,395       | 19  |
| 5  | Share premium   | 161,607      | 20  |
| 6  | Retained earnings   | 18,167,189   | 20  |
| 7  | Accumulated other comprehensive income                                |              |   |
| 8  | Other reserves  |              |   |
| 9  | Adjustments to CET1 due to prudential filters                         |              |   |
| 10 | Other funds   |              |   |
| 11 | (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER                          | (2,760,284)  | 20  |
| 19 | CET1: Other capital elements, deductions and adjustments              |              |   |
| 20 | ADDITIONAL TIER 1 CAPITAL   |              |   |
| 21 | Fully paid up, directly issued capital instruments                    |              |   |
| 22 | Share premium   |              |   |
| 23 | (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1                           |              |   |
| 24 | Additional Tier 1: Other capital elements, deductions and adjustments |              |   |
| 25 | TIER 2 CAPITAL  |              |   |
| 26 | Fully paid up, directly issued capital instruments                    |              |   |
| 27 | Share premium   |              |   |
| 28 | (-) TOTAL DEDUCTIONS FROM TIER 2                                      |              |   |
| 29 | Tier 2: Other capital elements, deductions and adjustments            |              |   |

**Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements**

|  |   | a  | b                                       | c                               |
|--|---|--|---|---------------------------------|
|  |   | Balance sheet as in published audited financial statements (GBP) | Under regulatory scope of consolidation | Cross reference to template OF1 |
|  |   | As at 31st March 2024  | As at 31st March 2024                   |                                 |
| <b>Assets</b> - Breakdown by asset classes according to the balance sheet in the audited financial statements          |   |  |   |                                 |
| 1  | Tangible assets                                       | 53,306   | 53,306                                  |                                 |
| 2  | Investments   | 4,269,233  | 6,839,159                               |                                 |
| 3  | Negative goodwill                                     | -  | (843,829)                               |                                 |
| 4  | Intangible assets                                     | -  | -                                       |                                 |
| 3  | Debtors: amounts falling due after more than one year | 597,458  | -                                       |                                 |
| 4  | Debtors: amounts falling due within one year          | 13,264,289   | 12,383,714                              |                                 |
| 5  | Assets held at fair value                             | 353,063  | 353,063                                 |                                 |
| 6  | Cash and cash equivalents                             | 3,828,440  | 4,170,574                               |                                 |
| 7  | Total assets  | 22,365,789   | 22,955,987                              |                                 |
| <b>Liabilities</b> - Breakdown by liability classes according to the balance sheet in the audited financial statements |   |  |   |                                 |
| 8  | Creditors: amounts falling due within one year        | (6,709,808)  | (3,125,347)                             |                                 |
|  | Creditors: amounts falling due after one year         | -  | (47,730,000)                            |                                 |
|  | Deferred taxation                                     | -  | -                                       |                                 |
|  | Total liabilities                                     | (6,709,808)  | (50,855,347)                            |                                 |

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| Equity |                            |            |              |        |
|--------|----------------------------|------------|--------------|--------|
| 9      | Called Up Share Capital    | 80,395     | 1            | 4      |
| 10     | Share Premium              | 161,607    | -            | 5      |
| 11     | Capital redemption reserve | 7,074      | -            | 8      |
| 12     | Profit and loss account    | 15,406,905 | (15,197,450) | 6 & 11 |
|        | Non-controlling interests  | -          | 3,282,417    |        |
| 13     | Total equity               | 15,655,981 | (11,915,032) | 1      |

## **Own funds: main features of own instruments issued by the firm**

ZCL total own funds is £15.66 million at 31 March 2024 consist of ordinary share capital, share premium and redemption reserve and the firm's prior year audited profits less the firm's current year losses.

## **Post balance sheet events relevant to the "Under regulatory scope of consolidation as at 31<sup>st</sup> March 2024"**

On 20 May 2024 Richard Hughes, being the sole shareholder and director of Irwell Investments Limited (the ultimate parent undertaking of Zeus Investment Management Limited) converted £15,000,000 of Loan Notes to £15,000,000 worth of Ordinary Shares of £1.00 each in Irwell Investments Limited.

On 30 May 2024 Irwell Investments Limited (sold 72,983 ordinary shares of £1.00 each in Zeus Group Limited (representing approximately 87.3% of the issued share capital) to Richard Hughes for a deferred consideration of £15,824,174. Resulting from this, Irwell Investments Limited ownership in the Zeus Group reduced to 9.99%, and therefore Irwell Investments Limited is no longer the ultimate holding company of Zeus Investment Management Limited.

If the regulatory scope of consolidation had been applied at the Zeus Group Limited level as of 31 March 2024, then the Total equity (own funds) would have been £20,577,494.

On 6<sup>th</sup> January 2025 Zeus Family Office changed its name to Irwell Investments Limited.



## Own Funds Requirements (MIFIDPRU 8.5)

ZCL is required to assess the adequacy of its own funds in accordance with the overall financial adequacy rule. As at 31 March 2024, ZCL's basic own funds requirements as a Non-SNI investment firm in accordance with MIFIDPRU 4.3 were as follows:

|   | £000's       |
|---|--------------|
| Permanent Minimum Requirement ("PMR")                     | 750          |
| K Factor Requirement ("KFR") (sum of below) :             | 29           |
| <i>Risk to Customer - Client Orders Handled ("K-COH")</i> | 2            |
| <i>Risk to Firm – Daily Trading Flow ("K-DTF")</i>        | 27           |
| <i>Risk to Market – Net Position Risk ("K-NPR")</i>       | -            |
| Fixed Overhead Requirement ("FOR")                        | 4,658        |
| <b>Basic Own Funds Requirement</b>                        | <b>4,658</b> |

As ZCL holds the permission of 'dealing in investment as principal' the firm's permanent minimum requirement is set at £750k.

From the above the basic own funds requirement of ZCL is the FOR at £3.07 million based on the firm's prior year audited accounts at 31 March 2023. ZCL monitors the ongoing expenditure of the firm and prepares forward looking financial forecasts to ensure that the FOR does not move more than 30% or £2m which would trigger a material change for ZCL to update its FOR mid-year.

ZCL is also obliged to consider risks on top of its basic requirement through its ICARA process in MIFIDPRU 7.6.2. A reasonable estimate is required to ensure firms hold enough own funds to cover its risk identified in the below:

1. The firm is able to remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities; and
2. The firm's business can be wound down in an orderly manner.

ZCL's 2024 ICARA assessment yielded an incremental own funds requirement above the FOR to cover the additional risks and financial requirements the firm would face in the event of an orderly wind down of £1.59 million. Bringing the firm's Own Funds Threshold Requirement to £4.66 million.

## Remuneration policy and practices (MIFIDPRU 8.6)

### Approach to remuneration

The Board of Zeus Group Limited is responsible for appointing a remuneration committee. The Remuneration Committee's role is to develop the Company's remuneration policy and incentive schemes in order to support the delivery of the Company's business strategy, the overall strategy of the group and the long term interests of all stakeholders, taking into account all relevant legal and regulatory obligations. The Committee consists of at least 2 directors from the group and chaired by a non-executive director.

ZCL has ensured that its procedures and practices are appropriate and proportionate to the nature, scale and complexity of the risks inherent in its business model and activities. More generally in complying with the Remuneration Rules, ZCL seeks to do so in a manner that is appropriate to:

- its size and internal organisation; and
- to the nature, scope and complexity of its activities.

### Development of remuneration policies and practices

The group's remuneration policy is designed to attract, retain, incentivise and employees properly and to ensure that they are aligned with the financial and strategic goals of the firm and the overall strategy of the group

The Policy is based on the following principles:

- **Fairness and Transparency:** Remuneration decisions will be fair, transparent, and merit based.
- **Performance-based:** Remuneration will be linked to individual, team, and firm-wide performance.
- **Risk Alignment:** Remuneration will be aligned with the level of risk associated with the role and activities performed.
- **Avoidance of Conflicts of Interest:** Remuneration structures shall be designed to prevent conflicts of interest and ensure that the interests of clients are prioritised.
- **Compliance:** Remuneration arrangements will comply with all relevant legal and regulatory requirements.

### Objectives of financial incentives

#### **General**

ZCL's objectives of financial incentives can be summarised as follows:

- Attract and retain highly motivated, talented and goal-orientated employees,
- Encourage, drive and motivate staff to meet their performance targets, and
- Reward Individuals based on their contribution to ZCL's overall strategy.

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## **Components of remuneration**

ZCL's remuneration included in this disclosure is made up of the following components:

Fixed remuneration

- Salary
- Pension
- Insurances and benefits (i.e. life insurance, private medical, dental, holiday allowance)
- 

Variable remuneration

- Discretionary performance bonus 'Cash Bonus'

## **Performance criteria used for assessment**

ZCL's remuneration policy set by the Remuneration Committee defines the performance criteria used across the group and firm and for individual performance.

The remuneration decisions across the group and firm are made based on a combination of:

- ZCL's long-term sustainability and viability including looking through the business and economic cycles;
- the impact on ZCLs Overall Financial Adequacy Rule and Threshold Conditions; and
- ZCL's business performance and results against its strategic objectives.

Individuals are remunerated based on a combination of factors including individuals' performance during the period, level of responsibility and seniority and contribution to the firm's overall strategy. Employee appraisals are conducted on an annual basis and include financial and non-financial areas of assessment.

## ***Fixed Remuneration***

### *Salaries*

Fixed remuneration is determined based on the role being performed. ZCL regularly benchmarks its levels of remuneration with those of other, comparable companies and conducts an annual review of remuneration which is subject to business performance and affordability.

## ***Variable Remuneration***

### *Bonus*

ZCL operates a fully discretionary variable cash compensation scheme for employees ("Bonus"). Variable bonuses are completely discretionary and are no guaranteed year on year, amounts may vary from one award period to the next.

## **Material Risk Takers**

ZCL has used the guidance in SYSG 19G.5.3 to identify ZCLs material risk takers (MRTs). ZCL defines MRTs as individuals that perform senior management functions and any individual whose roles have a material impact on the firm's risk profile. At the time of this disclosure the firm held a total of 3 MRTs of which nil were the firm's senior management. The Directors are responsible for reviewing existing MRTs and identifying new MRTs.

## **Performance adjustment, Malus or Claw Back**

ZCL will only pay or award variable remuneration where the Board is satisfied that performance criteria has been met. ZCL will apply in-year adjustment, malus and clawback as the firm feels necessary.

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## Quantitative disclosure

Aggregated quantitative information for all remuneration paid to all staff, split between material risk takers and other staff was as follows:

| £                     | Senior Management | Other MRTs | Other Staff |
|-----------------------|-------------------|------------|-------------|
| Fixed Remuneration    | 892,597           | 479,309    | 7,175,804   |
| Variable Remuneration | -                 | -          | 567,748     |
| Total Remuneration    | 892,597           | 479,309    | 7,743,552   |

As at 31 March 2024 ZCL had a total of 73 staff, 8 were defined as MRTs of which 5 were senior management.

There were £47,428 of severance payments that were awarded during the year.