Investment and Tax Advisory Services Limited

Pillar Three Disclosure

July 2017

Introduction

This document contains the Pillar 3 information about the risk management practices and capital resources of Investment and Tax Advisory Services Limited that under the rules of the UK's Financial Conduct Authority (FCA) are required to be publicly disclosed.

The information in this document is based on the financial position of the Company at 31st March 2017 being its last financial year end, unless stated otherwise.

Pillar 3 Disclosures

The Capital Requirements Directive (CRD) created a regulatory capital framework across Europe based on the provisions of the Basel II Capital Accord. This was adopted in the UK by the FCA within the Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU).

The framework consists of three 'pillars':

Pillar 1 — Sets out the minimum capital requirements firms will be required to hold for the purposes of covering credit, market and operational risk. Investment and Tax Advisory Services Limited is subject to the Fixed Overhead Requirement for the calculation of its Pillar 1 Capital Resources Requirement.

Pillar 2 — Requires the firm and it's supervisors (the FCA) to take a view on whether the firm should hold additional capital against risks not covered in Pillar 1, and they must take action accordingly. For this purpose Investment and Tax Advisory Services Limited has an Internal Capital Adequacy Assessment Process (ICAAP) which has been reviewed and approved by the directors.

Pillar 3 — Requires that Investment and Tax Advisory Services Limited makes certain public disclosures regarding aspects of the risks it faces, its risk management processes and its capital resources. This publication must be made at least annually.

Business Structure

Investment and Tax Advisory Services Limited is authorised and regulated by the FCA. It is categorised as a BIPRU Euro 50k limited licence firm.

Investment and Tax Advisory Services Limited, trading under the style *The Wilcox Young Partnership*, provides an independent financial advice service and arranges the purchase and sale of investment, pension and individual protection assurance contracts where required.

The company also operates as a discretionary fund manager under the trading style of *Verbatim Discretionary Managers*. Investment and Tax Advisory Services Limited does not hold any client monies, nor does it act as principal in any investment contracts.

Investment and Tax Advisory Services Limited adoption of Pillar 3

This document is intended to meet the obligations of Investment and Tax Advisory Services with regard to Pillar 3 disclosures as described above.

The disclosures are not subject to external verification, except to the extent that the data appears in the Company's financial statements. Additional information regarding the Company's risks and risk management not required under Pillar 3 can be found in the Company's financial statements.

The Board of the Company has adopted a policy regarding Pillar 3 such that these disclosures will normally be made annually at the time of publication of the Company's financial results. This is subject to ongoing monitoring and any requirement to amend the information contained herein arising from a material change in circumstances of the Company.

Risk Appetite

The Company's risk appetite is determined by the Board. Investment and Tax Advisory Services Limited considers itself to be risk averse with a low risk appetite. Its objective is to maintain sufficient financial resources to ensure that there is no significant risk that its liabilities cannot be met in full as they fall due. This approach applies to all Investment and Tax Advisory Services Limited activities and is evidenced by the Company's strategy and business model including:

- A diversified retail customer base with low concentration risk
- It allows only properly identified and verified clients;
- It does not act as principal in dealing with investment clients;
- It does not hold client money;
- It does not hold client assets.

The low risk appetite is embedded in the culture of the Company through the various management structures including those specifically relating to the management of risk as identified within risk management & objectives below.

Risk Management Objectives and Processes

The over-riding objective of the Company's risk management processes is the identification of risks and strategies to deal with those risks such that the overall risk to which the Company is exposed is in line with the risk appetite set by the Board.

The identification, understanding and mitigation of risks are part of the decision making processes within the Company. The attitude to risks the Company faces and mitigation strategies are cascaded through the organisation by means of the business planning process, regular board meetings and staff communication.

The Company's operational risk monitoring system consists of a combination of 'bottom up' monitoring work and the evaluation of internal controls. This is combined with the 'top down' approach of the Board of Directors based on regular reports and reviews.

The Company considers that reviewing risks in this way provides an appropriate and sensible process that enables the board to understand, review and control the activities of the company.

The Internal Capital Adequacy Assessment Process (ICAAP) and its associated ICAAP document is a key element in the documentation and consideration of risks within the Company and the impacts those risks have on capital adequacy. The ICAAP is reviewed and where necessary updated at least annually.

Risk Categories and Exposure

Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. Operational risk can never be eliminated but the Company aims to have in place reasonable and appropriate controls such that the probability and impact of such operational events are minimised.

The principal operational risks considered by the Company include the risks associated with events which may impact business continuity, and risks relating to outsourcing, IT equipment and interfaces. In addition, the Company considers aspects of the risks associated with potential fraud events, along with risks related to data security and risk associated with administration activities

The Company seeks to mitigate operational risks through a strong control environment, segregation of duties and the use of insurance. This control environment includes regular internal reviews undertaken by the Compliance Team as noted above. The Company has a business continuity plan which includes the use of alternative premises and back-up systems. Its outsourcing partners also have such continuity plans.

Credit risk

This represents the risk of loss due to a debtor's non-payment of a loan or other line of credit. Credit risk also arises from holdings of cash and cash equivalents, deposits and formal loans with banks and financial institutions.

The capital resource attributable to Credit Risk is 8% of receivables. No provision is made for any risk on bank deposits and balances because the company's bankers, HSBC, have a credit rating of AAA.

It is not considered that the company is exposed to Counterparty or Concentration Risk.

Market risk

This is the risk that comes from fluctuations in asset values, income from assets, interest rates or exchange rates.

Exposure to market risk in respect of falls in market values arises primarily in the relationship between market values and the fee structures used by the Company. A fall in market values of some of our customers' investments has a direct impact on the fees charged and therefore on the Company's revenues.

The Company does not take any principal positions.

Changes in interest rates impact the income derived from the Company's own cash balances. However, there is currently a very limited downside risk to the Company given that interest rates are at a historic low.

Other risks

There are also a number of other risks the Board does not feel that the Company has exposure to given the nature of the business. These include, pension risk, residual risk, and securitisation risk.

Pillar 2 requirement

The assessment and quantification of all the risks identified under the headings discussed above, gives rise to an assessment within the ICAAP process of the level of capital required to be held to cover those risks. This is the Company's Pillar 2 capital requirement.

The Company has adopted the approach of comparing the Capital Resources Requirement calculated in accordance with Pillar 1 (the Fixed Overhead Requirement) with the Capital Resources Requirement determined under Pillar 2 (i.e. by the ICAAP process). That ICAAP process identifies all material risks based on the Company's risk register and where appropriate quantifies the risk and the level of capital deemed appropriate to hold against that risk.

The Pillar 1 calculation gives a capital requirement which is above the level calculated under Pillar 2, therefore the Pillar 1 requirement takes precedence.

Capital Resources

The Company's financial resources comprise the issued share capital of the company and retained earnings.

As at 31st March 2017 the combined value of the share capital account and retained earnings was £111,000, made up as follows:

Ordinary Share Capital	50,000
Retained Earnings	61,000

Capital Adequacy

The Company operates an Internal Capital Adequacy Assessment Process as required under Pillar 2. That process formalises the Company's risk appetite and risk management framework and integrates it with the Company's financial processes. As a result potential risks are identified, reviewed and where necessary quantified. The ICAAP is reviewed and updated annually as part of the Company's risk management processes noted in section 3 unless there are circumstances that warrant a more immediate update.

As part of the Company's ongoing financial processes and controls, the level of capital resources are monitored and operational ratios and other data reviewed regularly. This occurs at least half-yearly, in part as support for the Company's six monthly reporting to the FCA.

As noted above the Company has opted for the approach which allows a comparison between the Pillar 1 calculated capital requirement and the Pillar 2 ICAAP assessment of the capital requirement. At present, the Pillar 1 requirement is greater than the Pillar 2 requirement.
The 2017 capital adequacy requirement for the Company is £64,000.