



IDAD Limited

Disclosure under Internal Capital Adequacy Risk Assessment (ICARA)

Date: March 2023

IDAD Limited (“the Firm”) is authorised and regulated by the Financial Conduct Authority and this document represents a risk assessment based on the ICARA methodology under MiFIDPRU 7 for IDAD as a MIFIDPRU non-SNI investment firm.

Frequency

ICARA was reviewed by IDAD’s senior management and Board of Directors, and will be reviewed and updated as part of the business planning cycle, unless its senior management or Board of Directors become aware of a major event, requiring a complete review of IDAD’s risks, capital and liquidity position. The document reference date is 31/03/2023, review date will be 31/03/2024. The document’s FCA reporting date is 31/03/2023. This report is available to the FCA on request.

Materiality

The firm regards the information in these disclosures as material if its omission or misstatement could change or influence the assessment or decision of a user relying on this information to make an economic decision. If the firm deems a certain disclosure to be immaterial, it may be omitted from this statement.

Risk Management

While the Board of Directors is ultimately responsible and accountable for the risk management at the Firm, the firm operates the following lines of defence;

- First line of defence: Line management are responsible for identification, measurements and management of risks within the firm, ensuring appropriate controls are in place and operating effectively.
- Second Line of defence: the Firm’s risk and compliance function provides risk management expertise and challenges the employees in their performance of risk management activities through independent reviews, monitoring and testing.
- Third line of defence: the Board oversee and review the effectiveness of the risk management structure and framework and ensure results are in line with the Firm’s risk appetite.

Monthly management accounts are used to monitor and project its capital resources and a compliance manual, a compliance monitoring programme and an Internal Capital Adequacy Risk Assessment (ICARA) have been adopted to facilitate risk management in the firm.

Given the nature and activities of the firm, its risk appetite is low. It does not securitize assets or deal as principal and therefore does not have a trading book.

Capital Adequacy Findings

The table below summaries the firm's capital and liquidity situation against its regulatory capital requirements as at projections start date.

IFPR Capital		As at 31/12/2022
Permanent Minimum Requirement (PMR)		125,000
Fixed Overhead Requirement (FOR)		319,000
K-Factor Requirement		526
IFPR Capital Requirement		319,000

Liquidity	
Fixed Overhead Requirement (FOR)	319,000
Basic Liquidity Requirement	106,333

IFPR Capital and Liquidity	
Own Funds	532,677
IFPR Capital Surplus	213,677
IFPR Capital Ratio	167%
Liquid Assets	627,026
BLAR Surplus	520,693

ICARA Capital	
ICARA OFAR	445,029
ICARA Capital Surplus	87,648
ICARA Capital Ratio	120%
ICARA LATR	445,029
ICARA Liquidity Surplus	181,998

Liquidity Adequacy Findings

As can be seen, the firm has adequate liquid assets to satisfy its IFPR requirements. The firm believes, from its projections and stress testing, that it also has sufficient ongoing liquid reserves to remain adequate over the period of projection.

Remuneration Findings

As a non-SNI firm, IDAD, through proportionality related to the scale and complexity of its business, must comply with both the "basic" and "standard" remuneration requirements as a non-SNI MiFIDPRU firm.

Wind-down Findings

It is estimated that the firm would take about 10 months to complete the material portion of wind-down. The majority of staff are on three-month notice contracts and this exercise has been carried out on that generic basis. The Firm's wind-down premises is its principal place of business - 2 Rotherbrook Court, Bedford Road, Petersfield, Hampshire, GU32 3QG. IDAD will wind-down its London operations prior to proceeding with inclusive wind-down arrangements at its headquarters.



Harm Findings

The firm is satisfied that it has mapped out the potential harm caused by crystallisation of risks resulting from its business model. The Board of Directors is satisfied that through a combination of controls and mitigation planning, it has minimised the harm resulting from crystallisation of risks both within and outside of its direct control.

Conclusion

It is IDAD's aim that the ICARA forms an important risk management tool and forms an integrated part of the firm's overall risk and control framework.

Going forward, the ICARA will be formally reviewed and signed-off by the Board of Directors once a year. The firm's material risks outlined and potentials for harm as detailed within this ICARA document will be examined throughout the year to ensure that the amount of capital needed in case these risks crystallise is available. The Board of Directors understand that changes in the business might trigger the ICARA to be revised and updated on an *ad hoc* basis.

Here are some examples of such potential triggers:

- Expansion of operations into new locations
- Internal loss events
- External events
- Changes in regulations/legislation
- Changes in managers perception of the risk profile of the business identified through the on-going impact/likely assessment process.