

Chapter 15

Prudential requirements



15.8 Calculation of annual income

Annual income

15.8.1 **R** A *firm's annual income* refers to all income received or receivable, whether arising from the *firm's permitted activities* or not, as reported in its most recent audited *annual financial statements*.

Annual income: periods of less than 12 months

15.8.2 **R** If the *firm's* most recent *annual financial statement* does not cover a 12-month period, the *annual income* is taken to be the amount in the statement converted, proportionally, to a 12-month period.

Annual income: no financial statements

15.8.3 **R** If the *firm* does not have *annual financial statements*, the *annual income* is to be taken from the forecast or other appropriate accounts which the *firm* has submitted to the *FCA* in accordance with its reporting obligations in **SUP 16.12**.

15.8.4 **R** If a *firm* is a *principal*, its *annual income* includes amounts due to its *appointed representative* in respect of activities for which the *firm* has accepted responsibility.

15.8.5 **R** If a *firm* is a *network*, it should include the relevant income due to all of its *appointed representatives* in its *annual income*.