# Renshaw Bay (UK) Limited

## Registered Number: 07471504

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2016

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## Group Information

**Directors**

J Malherbe
G P Sheridan

**Independent auditors**

PricewaterhouseCoopers LLP
Chartered Accountants
7 More London
London
SE1 2RT

**Bankers**

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Lloyds Bank Plc
10 Gresham Street
London
EC2V 7AE

**Registered office**

4th Floor
Reading Bridge House
George Street
Reading
RG1 8LS

# Directors' Report

The Directors present their report and the audited consolidated financial statements for Renshaw Bay (UK) Limited (the "Company") and of the Group for the year ended 31 December 2016.

**Principal activities**

The principal activity of the Company is to act as the Managing Member of its subsidiary Renshaw Bay LLP.

The principal activity of the Group[1] during the year was the provision of investment advisory and marketing support services in respect of funds and investment accounts.

**Results for the year and dividends**

The Group's total comprehensive profit for the year amounted to £1,288,816 (2015: £3,276,148). The Company's loss after tax for the year amounted to £1,575,763 (2015: £13,543,768 profit). The Directors do not recommend the payment of a dividend (2015: £Nil).

**Review of business**

The result for the year, and the financial position at the year end, are considered satisfactory by the Directors.

On, and with effect from, 14 December 2016, the Financial Conduct Authority granted the LLP's application for cancellation of its UK regulatory permissions. The LLP ceased to be authorised and regulated under the Financial Services and Markets Act (2000) on that date.

The Company is managing member of its subsidiary undertaking, Renshaw Bay LLP ("the LLP"), and has no business other than in connection with that role.

On 26 February 2015 it was announced that W Winters, the then CEO of the Group, would join Standard Chartered Bank to take over as its group CEO in June 2015. The Company and its parent company, Renshaw Bay Ltd.[2], agreed with Mr Winters that he would resign all group directorships, including of the Company, with effect from 9 June 2015. Over the following months, the Directors, in conjunction with the members of Renshaw Bay LLP and other key stakeholders, considered various opportunities for the future of the Company and its business.

On 9 August 2015, the LLP and Renshaw Bay Ltd. (the "Sellers") agreed the sale of the principal assets of their real estate finance business to companies in the group headed by GAM Holding AG (the "GAM Sale"). The GAM Sale was completed on 2 October 2015. The assets transferred included entities relevant to the real estate finance business, all real estate finance investment management contracts and all relevant client and investor relationships, and, in addition, the real estate finance investment team transferred to the GAM group. The Sellers agreed to cease further real estate finance business activity. The principal consideration was made up of upfront cash payments, contingent annual amounts over a period of five years based on a defined earn-out (the "GAM Earn-out") and a share of any future performance fees in respect of one investment management contract (the "REFS Performance Share").

The LLP's structured finance asset management business was substantially wound down in the second half of 2015, and, since 30 December, 2015, the LLP has not acted as Alternative Investment Fund Manager of any Alternative Investment Funds, as such terms are defined in the FUND sourcebook of the FCA Handbook.

[1] See Note 1
[2] See Note 24

# Directors' Report (continued)

**Review of business (continued)**

In the second half of 2015, the number of the LLP's personnel was reduced very substantially. The personnel whose employment or membership was terminated during 2015 included members of the structured finance investment team, and a significant number of non-investment personnel directly involved in the provision of Renshaw Bay LLP's services under its investment mandates across both its real estate finance and structured finance activities, between which there was substantial operational overlap, both at the level of the LLP's Investment Committee and Valuation Committee as well as in all other operational areas of the LLP.

At the beginning of 2016, the LLP had two clients, one under an investment advisory agreement in connection with a structured finance asset (the "SF Advisory Mandate"), and the other under arrangements related to marketing-support for certain third party funds, which incorporated an investment management revenue-sharing arrangement in favour of the LLP (the "Marketing and Revenue-Sharing Arrangements").

The SF Advisory Mandate was terminated by agreement with effect on and from 18 March 2016. On 15 November, 2016, the LLP transferred its interest in the GAM Earn-out to Renshaw Bay Ltd. for cash consideration, having transferred the REFS Performance Share in 2015 (see note 19). On 21 November, 2016, the Marketing and Revenue-Sharing Arrangements were terminated, except that the LLP transferred the benefit of the revenue-sharing element of those arrangements to Renshaw Bay Ltd. for cash consideration on the same date (see note 20). The LLP ceased trading on 21 November, 2016 (the "Date of Cessation of Trading").

Following the Financial Conduct Authority's grant of the LLP's request for cancellation of its UK regulatory permissions on 14 December 2016, management is working towards further simplifying the affairs of the LLP, with a view to the LLP and the Company ultimately being wound up.

**Directors**

The Directors who held office during the year and up to the date of this report were:

J Malherbe (appointed 4 November 2016)
G P Sheridan (appointed 4 November 2016)
F Goedhuis (resigned 4 November 2016)
J Rupert (resigned 4 November 2016)
*E Michotte (until 4 November 2016)

*Denotes alternate director with respect to J Rupert

**Directors' indemnities**

The Group and Company have qualifying third party indemnity provisions for the benefit of the Company's Directors and the members of Renshaw Bay LLP, which remain in force at the date of this report.

**Principal risks and uncertainties**

The principal risks and uncertainties of the Company and of the Group relate primarily to financial risk, the management of which is detailed in note 3 of the financial statements.

# Directors' Report (continued)

**Going concern**

Following the sale of the business in 2015 and service terminations and intra-group transfers in 2016 the members of the LLP (including the Company) have decided that the LLP will no longer perform investment advisory and marketing support services in respect of funds and investment accounts, and accordingly the Directors have determined that the going concern basis for accounting is no longer appropriate for the Company. Consequently, the financial statements for the year ending 31 December 2016 have been prepared on a basis other than going concern. Fixed assets have been fully depreciated to their realisable value (£Nil) on the grounds that the LLP is no longer performing any services, and current assets have been stated at realisable values. Creditors have been classified as current liabilities. The comparative financial information continues to be prepared on a going concern basis.

**Strategic report**

The Group has taken advantage of the small companies' exemption under Section 414(B) of the Companies Act 2006 not to prepare a strategic report.

**Disclosure of information to the auditors**

The Directors who were members of the board at the time of approving the Directors' report are listed on page 3. Each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- Each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

**Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the board meeting held to approve these financial statements.

**On behalf of the board**

G P Sheridan
**Director**
1 March 2017

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Company and Group for that period. In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare financial statements in accordance with IFRSs as issued by the IASB;
- Follow suitable accounting standards subject to material departures being disclosed and explained in the accounts; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

As explained in note 2 to the financial statements, the Directors do not believe the going concern basis to be appropriate and these financial statements have been prepared on that basis, but confirms that they have complied with the above requirements in preparing the financial statements.

## Independent auditors' report to the Directors of Renshaw Bay (UK) Limited

**Report on the financial statements**

- Our opinion

In our opinion, Renshaw Bay (UK) Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's and the company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

- Emphasis of matter - Basis of preparation

In forming our opinion on the group and Company financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. The directors have decided that the group and Company will stop trading as no income generating contracts exist and accordingly, determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets to current assets.

- What we have audited

The financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Changes in Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

- **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

We have no exceptions to report arising from this responsibility.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

## Independent auditors' report to the Directors of Renshaw Bay (UK) Limited (continued)

- **Other matters on which we are required to report by exception**

- Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

- Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

- Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

- **Responsibilities for the financial statements and the audit**

- Our responsibilities and those of the members

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Independent auditors' report to the Directors of Renshaw Bay (UK) Limited (continued)

- What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Natasha L McMillan

Natasha McMillan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

1 March 2017

## Consolidated Statement of Financial Position as at 31 December 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | £ | £ |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | - | 2,376 |
| Investments | 6 | - | 58,130 |
| Trade and other receivables | 8 | - | 1,000,000 |
| **Total non-current assets** | | **-** | **1,060,506** |
| **Current assets** | | | |
| Investments | 6 | 21,807 | - |
| Trade and other receivables | 8 | 3,297,310 | 1,810,436 |
| Cash and cash equivalents | 7 | 10,471,965 | 9,661,908 |
| **Total current assets** | | **13,791,082** | **11,472,344** |
| **Total assets** | | **13,791,082** | **12,532,850** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 429,933 | 440,517 |
| **Total current liabilities** | | **429,933** | **440,517** |
| **Non-current liabilities** | | | |
| Trade and other payables | 9 | - | 20,000 |
| **Total non-current liabilities** | | **-** | **20,000** |
| **Total liabilities** | | **429,933** | **460,517** |
| **Equity** | | | |
| Share capital | 10 | 29,420,001 | 29,420,001 |
| Accumulated losses | 11 | (16,058,852) | (17,347,668) |
| **Total equity attributable to owners of the parent Company** | | **13,361,149** | **12,072,333** |
| **Total equity** | | **13,361,149** | **12,072,333** |
| **Total equity and liabilities** | | **13,791,082** | **12,532,850** |

The financial statements on pages 9 to 30 were approved by the Board of Directors on 1 March 2017 and signed on its behalf by:

G P Sheridan
**Director**

The notes on pages 14 to 30 are an integral part of these consolidated financial statements

## Company Statement of Financial Position as at 31 December 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | £ | £ |
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | - | 365 |
| Investments | 6 | - | 14,249,978 |
| **Total non-current assets** | | **-** | **14,250,343** |
| **Current assets** | | | |
| Investments | 6 | 11,716,638 | - |
| Trade and other receivables | 8 | 1,548,200 | 549,746 |
| Cash and cash equivalents | 7 | 169,785 | 174,726 |
| **Total current assets** | | **13,434,623** | **724,472** |
| **Total assets** | | **13,434,623** | **14,974,815** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 73,474 | 37,903 |
| **Total current liabilities** | | **73,474** | **37,903** |
| **Equity** | | | |
| Share capital | 10 | 29,420,001 | 29,420,001 |
| Accumulated losses | 11 | (16,058,852) | (14,483,089) |
| **Total equity** | | **13,361,149** | **14,936,912** |
| **Total equity and liabilities** | | **13,434,623** | **14,974,815** |

The financial statements on pages 9 to 30 were approved by the Board of Directors on 1 March 2017 and signed on its behalf by:

G P Sheridan
**Director**

The notes on pages 14 to 30 are an integral part of these consolidated financial statements

## Consolidated Statement of Comprehensive Income

**For the year ended 31 December 2016**

| | Note | 2016<br>£ | 2015<br>£ |
|---|---|---|---|
| **Revenue** | | 755,222 | 6,253,223 |
| **Expenses** | | | |
| Personnel expenses | 14 | (659,444) | (7,330,371) |
| General and administrative expenses | 15 | (995,195) | (2,816,475) |
| Depreciation | 5 | (2,376) | (138,047) |
| **Total operating expenses** | | **(1,657,015)** | **(10,284,893)** |
| Profit on sale of business unit | 19 | 1,357,890 | 6,875,740 |
| Profit on sale of contracts | 20 | 1,261,280 | - |
| SJP distributions | | 10,573 | - |
| Finance income | 17 | 7,942 | 6,851 |
| Finance expense | 18 | - | (18,874) |
| **Profit before income tax** | | **1,735,892** | **2,832,047** |
| Income tax expense | 21 | (447,076) | 444,101 |
| **Profit and total comprehensive income for the year** | | **1,288,816** | **3,276,148** |
| **Attributable to** | | | |
| Owners of the parent | | **1,288,816** | **3,276,148** |
| **Profit and total comprehensive income for the year** | | **1,288,816** | **3,276,148** |

There is no other comprehensive income for the year.

The notes on pages 14 to 30 are an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

### For the year ended 31 December 2016

| | Attributable to owners of the parent | | | | |
|---|---|---|---|---|---|
| | Share capital £ | Accumulated losses £ | Total £ | Non-controlling interests £ | Total equity £ |
| **Balance as at 1 January 2015** | **29,420,001** | **(20,594,323)** | **8,825,678** | **(76,195)** | **8,749,483** |
| Issue of share capital | - | - | - | - | - |
| Profit and total comprehensive income for the year | - | 3,276,148 | 3,276,148 | - | 3,276,148 |
| Allocation of profits | - | (29,493) | (29,493) | 76,195 | 46,702 |
| **Balance as at 31 December 2015** | **29,420,001** | **(17,347,668)** | **12,072,333** | **-** | **12,072,333** |

| | | | | | |
|---|---|---|---|---|---|
| **Balance at 1 January 2016** | **29,420,001** | **(17,347,668)** | **12,072,333** | **-** | **12,072,333** |
| Profit and total comprehensive income for the year | - | 1,288,816 | 1,288,816 | - | 1,288,816 |
| **Balance as at 31 December 2016** | **29,420,001** | **(16,058,852)** | **13,361,149** | **-** | **13,361,149** |

The notes on pages 14 to 30 are an integral part of these consolidated financial statements.

## Consolidated Cash Flow Statement

**For the year ended 31 December 2016**

| | Notes | 2016<br>£ | 2015<br>£ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash utilised from operations | 22 | (1,361,569) | (3,259,311) |
| **Net cash outflow due to operating activities** | | **(1,361,569)** | **(3,259,311)** |
| **Cash flow from investing activities** | | | |
| Proceeds from sale of fixed assets | | 2,152 | 21,469 |
| Purchase of intangible assets | | - | (173,726) |
| Interest income | 17 | 7,942 | 6,851 |
| Interest expense | 18 | - | (18,874) |
| Proceeds on sale of business unit | 19 | 861,111 | 5,875,740 |
| Proceeds on sale of contracts | 20 | 1,261,280 | - |
| Proceeds from SJP distributions | | 39,141 | - |
| **Net cash inflow from investing activities** | | **2,171,626** | **5,711,460** |
| **Cash flows from financing activities** | | | |
| Capital contributions received from non-controlling interests | | - | 10,000 |
| Repayment of capital to non-controlling interests | | - | (73,298) |
| **Net cash outflow from financing activities** | | **-** | **(63,298)** |
| **Net increase in cash and cash equivalents** | | **810,057** | **2,388,851** |
| Cash and cash equivalents at beginning of the year | 7 | 9,661,908 | 7,273,057 |
| **Cash and cash equivalents at the end of the year** | 7 | **10,471,965** | **9,661,908** |

The notes on pages 14 to 30 are an integral part of these consolidated financial statements.

## Notes to the Financial Statements

### 1 General information

Renshaw Bay (UK) Limited (the 'Company') and its subsidiary, Renshaw Bay LLP ("the LLP"), (together, the "Group") provide investment advisory and marketing support services to various funds and investment accounts. The LLP became authorised as a CPM BIPRU Firm (under which authorisation it acted as an Alternative Investment Fund Manager or 'AIFM') on 04 August 2014. The LLP ceased to be so authorised by the Financial Conduct Authority on 16 December 2016.

The Company is a limited company, incorporated and domiciled in England and Wales. The address of its registered office is 4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS.

Renshaw Bay Ltd., a company incorporated and domiciled in Guernsey, is the immediate parent undertaking and ultimate controlling party of the Company.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements, which have been consistently applied to all the periods presented, are set out below.

### 2.1 Basis of presentation

The Group's consolidated financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income. Accordingly, the consolidated financial statements comprise a consolidated and Company only statement of financial position, a consolidated statement of comprehensive income, a consolidated statement of changes in equity, a consolidated cash flow statement, and related notes.

Following the sale of the business unit in 2015 and service terminations and intra-group transfers in 2016 the Directors have decided that the LLP will no longer perform investment advisory and marketing support services in respect of funds and investment accounts, and accordingly, determined that the going concern basis for accounting is no longer appropriate. Consequently, the financial statements for the year ending 31 December 2016 have been prepared on a basis other than going concern. Fixed assets have been fully depreciated to their realisable value (£Nil) on the grounds that the LLP is no longer performing any services, and current assets have been stated at realisable values. Creditors have been classified as current liabilities. The comparative financial information continues to be prepared on a going concern basis.

The financial statements have been prepared under the historical cost convention and are presented in Pounds Sterling.

The Group classifies its expenses by the nature of expense method.

The disclosures on risks from financial instruments are presented in the financial risk management report contained in note 3.

The consolidated cash flow statement shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. Cash and cash equivalents are disclosed in note 7 of the financial statements.

## Notes to the Financial Statements (continued)

### 2.1 Basis of presentation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies. Any changes to assumptions may have a significant impact on the financial statements for the period over which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements, therefore, present the financial position and results fairly.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

**Standards, amendments and interpretations effective on or after 1 January 2016**

There are no standards, amendments and interpretations, which became effective for the first time for the financial period beginning on or after 1 January 2016 that would be expected to have a material impact on the Group.

**Standards and interpretations issued but not yet adopted**

*IFRS 9 Financial Instruments*

IFRS 9 replaces parts of IAS 39 that addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measures as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The standard is expected to become effective for annual periods beginning January 2018.

*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 will replace IAS 18 and IAS 11 and applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard will establish a more systematic approach for revenue measurement and recognition.

The standard is expected to become effective for annual periods beginning January 2018.

*IFRS 16 Leases*

IFRS 16 will replace IAS 17 and eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. Applying the model, a lessee is required to recognise: assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard is expected to become effective for annual periods beginning January 2019.

## Notes to the Financial Statements (continued)

### 2.1 Basis of presentation (continued)

**Standards and interpretations issued but not yet adopted (continued)**

Both IFRS 9, IFRS 15 and IFRS 16 are subject to endorsement from the European Union. Accordingly, the standards have not been applied in preparing these financial statements. The standards are relevant for the Group but are not expected to have significant effect on the financial statements.

The Group is currently considering the implications of these standards, assessing the impact that these standards will have on the financial position and performance and the timing of their adoption. Based on the preliminary analysis, no material impact is expected.

**Early adoption of standards**

The Group did not adopt new or amended standards in 2016 that have yet to become effective.

### 2.2 Consolidation

The consolidated financial statements were prepared as of the Company's reporting date.

**Subsidiaries**

The consolidated financial statements of the Group comprise the financial statements of the Company and all consolidated subsidiaries (note 26).

Subsidiaries are companies in which the Group directly or indirectly holds the majority of the voting rights, where it determines their financial and business policies and is able to exercise control over them to benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. An entity is fully consolidated from the date on which control is transferred to the Group. An entity is removed from that consolidation from the date on which the Group ceases to control that entity.

Inter-company transactions, balances and intra-group gains on transactions between group companies are eliminated. Intra-group losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Accounting and valuation methods for similar transactions and other occurrences under similar circumstances are consistent across all consolidated entities.

**Transactions and non-controlling interests**

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the consolidated statement of income as profit or loss attributable to non-controlling interests.

### 2.3 Foreign currency translation

**Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured in Pounds Sterling, being the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and the Group's presentation currency.

## Notes to the Financial Statements (continued)

### 2.3 Foreign currency translation (continued)

**Transactions and balances**

Foreign currency transactions that are transactions denominated, or that requires settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the relevant transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

All foreign exchange gains and losses recognised in the income statement are presented net in the consolidated income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

**Group companies**

The subsidiary has the same functional currency as the Company.

### 2.4 Revenue recognition

Revenue, which is stated net of value added tax, represents fees receivable from the supply of investment management and advisory services, and placement fees from sourcing additional investment.

### 2.5 Employee benefits

A defined contribution plan is a post-employment benefit plan under which the LLP pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees. This plan was terminated on 31 March 2016.

### 2.6 Interest

Interest received and payable are recognised on an accruals basis.

### 2.7 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### 2.8 Trade and other receivables

Trade and other receivables are recognised at cost less any provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the original carrying amount and the recoverable amount and this difference is recognised in the statement of comprehensive income.

## Notes to the Financial Statements (continued)

### 2.9 Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest and are recognised on an accruals basis.

### 2.10 Provisions

Provisions recognised are in respect of success fees payable to placement agents arising from past events where it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Movements in the provision are recognised through the income statement.

### 2.11 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. The leases entered into by the Group are operating leases. The total payments made under operating leases are charged to other operating expenses in the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place (See note 24).

The operating lease incentive is accounted for in accordance to SIC 15 and is recognised in the income statement on a straight line basis over the period of the lease.

### 2.12 Property, plant and equipment

All property, plant and equipment used by the parent or its subsidiaries are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation of assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Leasehold improvements: over the remainder of the lease
- Computer equipment: 3 years
- Office equipment: 3 years
- Furniture and fixtures: 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the consolidated statement of financial position. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the consolidated income statement.

## Notes to the Financial Statements (continued)

### 2.13 Intangible asset

Intangible asset relates to the capitalisation of success fee payable to a placement agent. The asset is recognised at cost and amortised on a straight line basis over the life of the investment vehicle. The charge to the profit and loss account is offset against the management fee income received from investors in the investment vehicle.

### 2.14 Investments

Investments in subsidiary undertakings are stated at cost less any permanent diminution in value.

### 2.15 Corporate tax

**Current income tax**

Current income tax charge is calculated on the basis of the applicable tax law in the jurisdiction in which it is generated by the Group's activities (note 21). It is recognised as an expense for the period except to the extent that such current tax is charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity. Where the Group has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against any existing current tax balance.

Where tax losses can be relieved only by being carried forward and applied against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

**Deferred income tax**

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the consolidated statement of financial position and that are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from prior period unutilised losses. The full deferred tax asset on brought forward tax losses had not been recognised given that there was uncertainty as to whether sufficient taxable profits will arise in the future. As the LLP has now ceased to trade, all remaining losses have been lost and there are no temporary differences at 31 December 2016.

### 2.16 Deferred compensation

The Group has operated a remuneration policy whereby a portion of the total compensation for eligible members and employees of Renshaw Bay LLP is deferred over a three year vesting period and is subject to forfeiture.

## 3 Financial risk management

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign currency, interest rate and price risk), credit risk and liquidity risk.

## Notes to the Financial Statements (continued)

### 3.1 Market risk

Market risk is the risk that market conditions lead to a reduction in revenues earned by the Group. As the Group does not actively trade in markets, there is no direct market risk.

#### 3.1.1 Foreign exchange risk

The Group's functional currency is Pound Sterling and therefore it is exposed to fluctuations in currencies other than Pound Sterling which it transacts in. The Group receives income and incurs expenses in currencies other than Pound Sterling. Where possible, non Pound Sterling income is used to cover non Pound Sterling expenses, any surplus non Pound Sterling amounts are converted to Pound Sterling as they arise in order to minimise the Group's foreign exchange risk.

#### 3.1.2 Price risk

The Group does not actively trade in markets and therefore is not exposed to either commodity price or equity price risks.

#### 3.1.3 Interest rate risk

Interest rate risk is the risk that changes in interest rates will result in higher financing costs or reduced income from the Group's interest bearing financial assets and liabilities.

The Group's interest rate risk on interest income arises from deposits held with counterparties. The interest rate risk arising on interest income is immaterial.

The Group does not have any borrowings and finances its operations through capital contributions made by its parent company.

### 3.2 Credit risk

Credit risk is the risk that counterparties, customers or clients of the Group default in payments owed to the Group that could result in the Group suffering a loss.

The Group's core business is primarily to advise and/or manage investment funds, or to advise other Group companies on investment decisions. As a result the Group is not exposed to any material third party credit risk as the majority of the receivables are due from related companies.

### 3.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash flows. The Group manages liquidity by maintaining sufficient cash with banks to meet its on-going commitments.

As at 31 December 2016, the Group held cash at bank amounting to £10,471,965 (2015: £9,661,908) and had financial liabilities of £406,958 (2015: £324,023) which are due to mature within 3 months of the balance sheet date.

## Notes to the Financial Statements (continued)

### 3.3.1 Capital risk management

The Group's objectives when managing capital have been to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, members of the LLP and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

### 4 Critical accounting estimates and judgments

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements.

The Group determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. The application of accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

No estimates are considered critical in the preparation of these financial statements.

### 5 Property, plant and equipment

| Group | Computer equipment £ | Office equipment £ | Furniture and fixtures £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| Opening balance at 1 January 2016 | 144,935 | 30,164 | 25,606 | 200,705 |
| **Balance as at 31 December 2016** | **144,935** | **30,164** | **25,606** | **200,705** |
| **Accumulated depreciation** | | | | |
| Opening balance as at 1 January 2016 | 142,924 | 30,164 | 25,241 | 198,329 |
| Charge for the year | 2,011 | - | 365 | 2,376 |
| **Balance as at 31 December 2016** | **144,935** | **30,164** | **25,606** | **200,705** |
| **Net book value at 31 December 2016** | **-** | **-** | **-** | **-** |
| Net book value at 31 December 2015 | 2,011 | - | 365 | 2,376 |

## Notes to the Financial Statements (continued)

### 5 Property, plant and equipment (continued)

| Company | Computer equipment £ | Office equipment £ | Furniture and fixtures £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| Opening balance at 1 January 2016 | 62,994 | - | 25,606 | 88,600 |
| **Balance as at 31 December 2016** | **62,994** | **-** | **25,606** | **88,600** |
| **Accumulated depreciation** | | | | |
| Opening balance as at 1 January 2016 | 62,994 | - | 25,241 | 88,235 |
| Charge for the year | - | - | 365 | 365 |
| **Balance as at 31 December 2016** | **62,994** | **-** | **25,606** | **88,600** |
| **Net book value at 31 December 2016** | **-** | **-** | **-** | **-** |
| Net book value at 31 December 2015 | - | - | 365 | 365 |

### 6 Investments

| Group | 2016 £ | 2015 £ |
|---|---|---|
| At 1 January | 58,130 | - |
| Additions | - | 55,650 |
| Disposals | (28,568) | - |
| Revaluation (loss)/gains | (7,755) | 2,480 |
| **At 31 December** | **21,807** | **58,130** |

The investments are limited partner interests in RB St James's Place L.P. and RB St James's Place 2 LP (together "SJP"), which reverted to the LLP during 2015 in connection with the vesting terms of the original awards under the LLP's deferred compensation scheme.

| Company | 2016 £ | 2015 £ |
|---|---|---|
| At 1 January | 14,249,978 | 27,989,944 |
| Disposals | (1,500,000) | - |
| Less impairments | (1,033,340) | (13,739,966) |
| **At 31 December** | **11,716,638** | **14,249,978** |

The investment represents the Company's capital interest in its subsidiary undertaking, Renshaw Bay LLP, a limited liability partnership incorporated in the United Kingdom in which it acts as the Managing Member and holds 99.92% (2015: 99.93%) of the voting rights. The subsidiary's principal activity is the provision of investment management, investment advisory and marketing support services in respect of various funds and investment accounts.

During the year, the Company made no capital contribution (2015: £Nil) into Renshaw Bay LLP, but did reduce its capital contribution by £1,500,000.

## Notes to the Financial Statements (continued)

### 7 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances:

| | Group 2016 £ | Company 2016 £ | Group 2015 £ | Company 2015 £ |
|---|---|---|---|---|
| Cash at bank | 10,471,965 | 169,785 | 9,661,908 | 174,726 |
| **Total cash and cash equivalents** | **10,471,965** | **169,785** | **9,661,908** | **174,726** |

The fair value of cash and cash equivalents approximates to the book value due to the short-term maturity of these instruments.

### 8 Trade and other receivables

| **Due within one year** | Group 2016 £ | Company 2016 £ | Group 2015 £ | Company 2015 £ |
|---|---|---|---|---|
| Amounts due from Renshaw Bay Ltd. (note 24) | 1,921,287 | 1,481,765 | - | - |
| Amounts due from Renshaw Bay LLP | - | 53,862 | - | 52,985 |
| Amounts due from other related parties (note 24) | 70,057 | - | 58,402 | - |
| Other receivables | 1,182,571 | - | 495,009 | 33,743 |
| Other taxes and social security costs | 52,013 | 2,931 | - | - |
| Deferred tax (note 21) | - | - | 445,488 | 445,488 |
| Prepayments and accrued income | 71,382 | 9,642 | 811,537 | 17,530 |
| **Total trade and other receivables** | **3,297,310** | **1,548,200** | **1,810,436** | **549,746** |

Amounts due from Renshaw Bay LLP are unsecured, interest free and repayable on demand.

Amounts due from Renshaw Bay Ltd., the ultimate parent undertaking, includes a loan made during the year of £1,500,000. This amount is repayable on demand and accrues interest at 1% per annum. This loan has been netted against expenses of £18,235 incurred by Renshaw Bay Ltd. on behalf of the Company.

| **Due after one year** | Group 2016 £ | Company 2016 £ | Group 2015 £ | Company 2015 £ |
|---|---|---|---|---|
| Other receivables | - | - | 1,000,000 | - |
| **Total trade and other receivables** | **-** | **-** | **1,000,000** | **-** |

£1,000,000 of the upfront cash consideration received by Renshaw Bay LLP under the GAM Sale was placed in escrow to satisfy potential claims under the transaction documentation that are notified within three years of completion. In view of the nature of the warranties and future obligations under the transaction documentation, the Directors judge the likelihood of any such claim under the transaction documentation to be remote.

## Notes to the Financial Statements (continued)

### 9 Trade and other payables

| | Group 2016 £ | Company 2016 £ | Group 2015 £ | Company 2015 £ |
|---|---|---|---|---|
| **Current** | | | | |
| Amounts due to Renshaw Bay Ltd. (note 24) | - | - | 73,091 | - |
| Trade payables | 74,659 | - | 25,991 | - |
| Other payables | 20,000 | - | 130 | - |
| Corporation tax (note 21) | 2,975 | 2,975 | 1,387 | 1,387 |
| Other taxes and social security costs | - | - | 115,107 | 10,266 |
| Accrued wind up costs | 200,000 | 50,000 | - | - |
| Accrued expenses | 132,299 | 20,499 | 224,811 | 26,250 |
| | **429,933** | **73,474** | **440,517** | **37,903** |
| **Non-current** | | | | |
| Other payables | - | - | 20,000 | - |
| | **-** | **-** | **20,000** | **-** |
| **Total trade and other payables** | **429,933** | **73,474** | **460,517** | **37,903** |

Trade payables and amounts due to group entities are unsecured, interest free and payable in the short-term.

### 10 Share capital

| | Group 2016 £ | Company 2016 £ | Group 2015 £ | Company 2015 £ |
|---|---|---|---|---|
| **Allotted, called up and fully paid** | | | | |
| 29,420,001 (2015: 29,420,001) ordinary shares of £1 each | **29,420,001** | **29,420,001** | **29,420,001** | **29,420,001** |

During the year there were no share allotments (2015: £Nil).

### 11 Accumulated Losses

| | Group 2016 £ | Company 2016 £ | Group 2015 £ | Company 2015 £ |
|---|---|---|---|---|
| At 1 January | (17,347,668) | (14,483,089) | (20,594,323) | (939,321) |
| Profit/(loss) for the year | 1,288,816 | (1,575,763) | 3,276,148 | (13,543,768) |
| Allocation of losses | - | - | 29,493 | - |
| **At 31 December** | **(16,058,852)** | **(16,058,852)** | **(17,347,668)** | **(14,483,089)** |

The allocation of losses relates to losses allocated to former members of Renshaw Bay LLP in excess of their capital contributions.

### 12 Non-controlling interests

Non-controlling interests represents the interests of the other members of Renshaw Bay LLP.

| **Group** | **2016 £** | **2015 £** |
|---|---|---|
| At 1 January | - | (76,195) |
| Losses attributed to former non-controlling interests | - | 76,195 |
| **At 31 December** | **-** | **-** |

## Notes to the Financial Statements (continued)

### 13 Directors' emoluments

The Directors did not receive or waive any remuneration in respect of services provided to the Group during the year (2015: £Nil).

### 14 Personnel expenses

| | 2016 | 2015 |
|---|---|---|
| **Group** | **£** | **£** |
| Wages and salaries | 619,615 | 6,536,426 |
| Social security costs | 5,700 | 359,602 |
| Redundancy costs | - | 186,024 |
| Other staff costs | 34,129 | 248,319 |
| **Total personnel expenses** | **659,444** | **7,330,371** |
| The monthly average number of employees during the year (excluding Directors) | 1 | 24 |

### 15 General and administrative expenses

| | 2016 | 2015 |
|---|---|---|
| **Group** | **£** | **£** |
| Property expenses | 8,263 | 894,156 |
| Office expenses | 11,516 | 119,455 |
| Travel and entertainment | 2,830 | 86,245 |
| IT systems and market data | 99,890 | 697,408 |
| Legal and professional | 752,362 | 413,879 |
| Wind up costs | 200,000 | - |
| Other (income)/expenses | (79,666) | 605,332 |
| **Total general and administrative expenses** | **995,195** | **2,816,475** |

### 16 Operating profit

The following items have been included in arriving at operating profit:

| | 2016 | 2015 |
|---|---|---|
| **Group** | **£** | **£** |
| Operating lease rentals payable on property | 7,637 | 268,049 |
| Auditors' remuneration: | | |
| -fees payable to the auditors for the audit of the parent company and consolidated financial statements | 5,000 | 6,825 |
| -fees payable to the auditors for the audit of the subsidiary financial statements | 24,000 | 33,600 |
| -fees payable to the auditors for other services – tax services | 255,473 | 42,500 |
| -fees payable to the auditors for other services – regulatory services | - | 5,250 |
| Depreciation | 2,376 | 138,047 |
| Foreign exchange gains | (101,047) | (66,034) |

### 17 Finance income

| | 2016 | 2015 |
|---|---|---|
| | **£** | **£** |
| Interest received | 7,942 | 6,851 |
| **Total finance income** | **7,942** | **6,851** |

## Notes to the Financial Statements (continued)

### 18 Finance expense

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Interest payable | - | 18,874 |
| **Total finance expense** | **-** | **18,874** |

### 19 Profit on sale of business unit

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Gross proceeds | 1,357,890 | 7,400,000 |
| Directly attributable costs | - | (524,260) |
| **Profit on sale of business unit** | **1,357,890** | **6,875,740** |

As noted under "Review of business" on page 2 above, on 9 August 2015, the LLP and Renshaw Bay Ltd. (the "Sellers") agreed the sale of the principal assets of their real estate finance business to companies in the group headed by GAM Holding AG (the "GAM Sale"). The LLP's principal consideration for the sale was made up of upfront cash payments totalling £7,400,000 (less transaction expenses), contingent annual amounts over a period of five years based on an earn-out defined in terms of revenues and costs of the business transferred, and a share in future performance fees arising from one of the investment management agreements transferred. In 2016, the LLP received additional consideration from Renshaw Bay Ltd. for the transfer of the right to receive the contingent annual amounts and the REFS Performance Share.

As at 31 December 2016, £496,779 of the above amount was outstanding as a receivable within Amounts due from Renshaw Bay Ltd.

### 20 Profit on sale of contracts

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Marketing & Revenue Sharing Arrangements sale | 1,261,280 | - |
| **Profit on sale of contracts** | **1,261,280** | **-** |

Please see "Review of business" on page 2 above for further information.

## Notes to the Financial Statements (continued)

### 21 Income tax expense

| | 2016 | 2015 |
|---|---|---|
| **Group** | **£** | **£** |
| Current tax: | | |
| Current income tax charge | 1,588 | 1,387 |
| Deferred tax | | |
| Origination and timing differences (see below) | 445,488 | (445,488) |
| **Total income tax expense** | **447,076** | **(444,101)** |

The tax on the Group's profit/(loss) before tax differs from the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Profit before corporation tax | 1,735,892 | 2,832,047 |
| Tax calculated at standard corporation tax rate in the UK of 20% (2015: 20.25%) | 347,179 | 573,490 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 57,629 | 775,209 |
| Losses attributable to non-controlling interests | - | (5,446) |
| Amounts exempt from tax | - | 35,585 |
| Amounts not recognised for tax purposes | 42,268 | (1,837,048) |
| Tax rate changes | - | 14,109 |
| **Tax charge** | **447,076** | **(444,101)** |

In the prior year, a tax credit of £445,488 was recognised in the Statement of Comprehensive Income, primarily due to the deferred tax asset recognised in the prior year related to the recognition of unutilised brought forward tax losses against profits that were expected to arise in 2016 and subsequent periods.

The Group had a deferred tax asset included in trade and other receivables as follows:

| | 2016 | 2015 |
|---|---|---|
| **Group** | **£** | **£** |
| At 1 January | 445,488 | - |
| Deferred tax (charged)/credited to statement of comprehensive income | (445,488) | 445,488 |
| **Total deferred tax** | - | **445,488** |

| | 2016 | 2015 |
|---|---|---|
| **Group** | **£** | **£** |
| The deferred tax provision is made up as follows: | | |
| Unutilised losses | - | 445,488 |
| | - | **445,488** |

The Group had a deferred tax asset, as set out below, included in trade and other receivables at 31 December 2015. This deferred tax asset has been written off during the current period as these losses have been utilised in the current year or have expired as a result of the LLP ceasing trade during the year.

## Notes to the Financial Statements (continued)

### 22 Cash utilised from operations

| | 2016 | 2015 |
|---|---|---|
| | £ | £ |
| Profit before income tax | 1,735,892 | 2,832,047 |
| Adjustments for: | | |
| - finance income | (7,942) | (6,851) |
| - finance expense | - | 18,874 |
| - depreciation | 2,376 | 138,047 |
| - sale of business unit | - | (6,875,740) |
| - sale of contracts | (2,619,170) | - |
| - SJP distributions | (10,573) | - |
| - amortisation | - | 143,430 |
| - (profit)/loss on disposal of property, plant and equipment | (2,152) | 162,603 |
| - write off of intangible asset | - | 1,010,262 |
| - write off of provisions | - | (486,563) |
| - revaluation loss/(gain) on investments | 7,755 | (2,480) |
| - investment arising as a result of personnel leaving Renshaw Bay LLP | - | (55,650) |
| Changes in working capital: | | |
| - trade and other receivables | (435,583) | 1,716,625 |
| - trade and other payables | (32,172) | (1,305,454) |
| - provisions | - | (548,461) |
| **Cash utilised from operations** | **(1,361,569)** | **(3,259,311)** |

### 23 Commitments

*Capital commitments*

At 31 December 2016, the Group was not committed to any capital expenditure.

*Operating lease commitments*

Following the disposal of the business unit and subsequent restructuring, the Group sold its operating lease, which was due to expire on 28 May 2022 subject to a break clause at any time after 28 May 2017. The comparatives reflect the Group's lease commitments under this lease. The Group subsequently entered into an office space rental agreement on 29 September 2015, which was terminated with effect 31 January 2016.

| Property | 0 – 1 year | 1 – 5 years | > 5 years | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 31 December 2016 | £Nil | £Nil | £Nil | £Nil |
| At 31 December 2015 | 6,733 | £Nil | £Nil | 6,733 |

The above analysis for 31 December 2015 represents future cash flow obligations arising from property lease arrangements which differ from the amounts expensed in the Consolidated Statement of Comprehensive Income due to an amount equivalent to a 10 month rent-free period being amortised over the duration of the lease period.

## Notes to the Financial Statements (continued)

### 24 Related party transactions

Renshaw Bay Ltd., an entity incorporated in Guernsey, is the immediate parent undertaking and ultimate controlling party of the Company. During the year, the Group earned management fees of £Nil (2015: £2,252,562) in respect of investment management and advisory services provided to Renshaw Bay Ltd. The fees and contracts receivable have been offset by intercompany settlements of £Nil (2015: £3,531,271) and expenses incurred by Renshaw Bay Ltd. on behalf of the Group of £15,834 (2015: £567,218). At the year end £439,522 was owed to the Group (2015: £57,257 owed to by the Group).

In addition, the Company made a loan during the year to Renshaw Bay Ltd. for £1,500,000. This was netted against expenses of £18,235 incurred on behalf of the Group. At the year end £1,481,765 was still due to the Group.

RB SFO 1 Ltd, an entity incorporated in the United Kingdom, is a wholly owned subsidiary of the Group's ultimate controlling party, Renshaw Bay Ltd. During the year, the Group incurred expenses on behalf of RB SFO 1 Ltd in the amount of £Nil (2015: £4,109) which are offset by VAT refunds collected amounting to £Nil (2015: £496) and settlements received. At the year end there were no amounts outstanding (2015: £Nil).

RB SFO 2 Ltd, an entity incorporated in the United Kingdom, is a wholly owned subsidiary of the Group's ultimate controlling party, Renshaw Bay Ltd. During the year, the Group incurred expenses on behalf of RB SFO 2 Ltd in the amount of £Nil (2015: £4,109) which are offset by VAT refunds collected amounting to £Nil (2015: £496) and settlements received. At the year end there were no amounts outstanding (2015: £Nil).

RB SFO LLP, an entity incorporated in the United Kingdom, is a wholly owned subsidiary of the Group's ultimate controlling party, Renshaw Bay Ltd. During the year, the Group earned management fees of £Nil (2015: £1,655,148) in respect of investment management and advisory services provided to RB SFO LLP. At the year end there were no amounts outstanding to the Group (2015: £NIL).

RB REFS 1 Ltd, an entity incorporated in the United Kingdom, was, until its transfer to the GAM group on completion of the GAM sale on 2 October 2015, a wholly owned subsidiary of the Group's ultimate controlling party, Renshaw Bay Ltd. During the year, the Group incurred expenses on behalf of RB REFS 1 Ltd in the amount of £Nil (2015: £13) which were offset by VAT refunds collected by the Group amounting to £Nil (2015: £50) on behalf of RB REFS 1 Ltd and settlements received. At the year end there were no amounts outstanding (2015: £Nil).

RB REFS 2 Ltd, an entity incorporated in the United Kingdom, was, until its transfer to the GAM group on completion of the GAM sale on 2 October 2015, a wholly owned subsidiary of the Group's ultimate controlling party, Renshaw Bay Ltd. During the year the Group incurred expenses on behalf of RB REFS 2 Ltd in the amount of £Nil (2015: £13) which were offset by VAT refunds collected by the Group amounting to £Nil (2015: £50) on behalf of RB REFS 1 Ltd and settlements received. At the year end there were no amounts outstanding (2015: £Nil).

RB GP4 LLP, an entity incorporated in the United Kingdom, was, until its transfer to the GAM group on completion of the GAM Sale on 2 October 2015, a wholly owned subsidiary of the group's ultimate controlling party, Renshaw Bay Ltd. During the year the group earned management fees totalling £Nil (2015: £115,255). At the year end there were no amounts outstanding (2015: £Nil).

Renshaw Bay Advisors LLC, an entity incorporated in the USA, is a wholly owned subsidiary of the Group's ultimate controlling party, Renshaw Bay Ltd. During the year, the Group incurred expenses on behalf of Renshaw Bay Advisors LLC in the amount of £Nil (2015: £41,549). At the year end £70,057 (2015: £58,402) was still owed to the Group.

During the prior year, the Group engaged the services of a recruitment agency in which the wife of one of the members of Renshaw Bay LLP is a partner. The cost of services provided to the Group amounted to £Nil (2015: £40,000). At the year end no amounts were outstanding (2015: £Nil).

## Notes to the Financial Statements (continued)

### 25 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party, and the smallest and largest group to consolidate the Company is Renshaw Bay Ltd., an entity incorporated in Guernsey. The registered office address of the ultimate parent company is, Redwood House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA.

### 26 Scope of consolidation

Besides the parent company, the consolidated financial statements includes one subsidiary in which Renshaw Bay (UK) Limited directly holds more than 50% of the voting rights and exercises control.

| Company | Date of incorporation | Country of incorporation and domicile | Industry | Controlling interest % | Ownership interest % |
|---|---|---|---|---|---|
| Renshaw Bay LLP | 3 March 2011 | United Kingdom | Financial Services | 100% | 99.92% |

### 27 Approval of financial statements

The financial statements were authorised for issue on 1 March 2017 by the board of Directors.