Renshaw Bay (UK) Limited

Registered Number: 07471504

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2014

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Renshaw Bay (UK) Limited
Company Number: 07471504
For the year ended 31 December 2014

Group Information

Directors

J Rupert
W Winters
F Goedhuis
E Michotte (alternate director)

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 2014.

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 is the provision of investment management and advisory services to various funds and investment vehicles.

The Directors do not anticipate any change in the nature of the Company's or the Group's principal activity going forward.

Results for the year and dividends

The Group's total comprehensive loss for the year amounted to £5,141,296 (2013: £8,775,189). The Company's loss after tax for the year amounted to £54,067 (2013: £755,120). The Directors do not recommend the payment of a dividend.

Review of business

The result for the year, and the financial position at the year end, were considered satisfactory by the members.

On 26 February 2015 W Winters announced his intention to resign as CEO of the Company and leave the Group at the end of May 2015. As a result management, in conjunction with key stakeholders, have commenced a high level review of the business and possible succession plans. Whilst as at the date of approval of the financial statements this process is ongoing, management have a reasonable expectation that the Company and Group have adequate resources to meet their liabilities as they fall due for the foreseeable future. Hence these financial statements have been prepared on the going concern basis.

Directors

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

F Goedhuis
*E Michotte
J Rupert
W Winters

*Denotes alternate director

Directors' indemnities

The Group and Company has 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

These financial statements have been prepared on a going concern basis. The Directors believe that this is appropriate as they have a reasonable expectation that the Company and Group have adequate resources to meet their liabilities as they fall due for the foreseeable future. In making this determination a review of the business in light of Mr Winters' resignation has been undertaken.

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.

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.

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 2. 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.

Directors' Report (continued)

Independent auditors

The 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

W Winters
Director
16 April 2015

F Goedhuis
Director
16 April 2015

Independent Auditors' Report to the Members of Renshaw Bay (UK) Limited

Report on the financial statements

Our opinion

In our opinion:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by Renshaw Bay (UK) Limited, comprise:

- the consolidated and company statement of financial position as at 31 December 2014;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity 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 their preparation is applicable law and IFRSs as adopted by the European Union.

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Directors' Report (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.

Independent Auditors' Report to the Members of Renshaw Bay (UK) Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 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.

Natasha McMillan

Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 April 2015

Renshaw Bay (UK) Limited
Company Number: 07471504
For the year ended 31 December 2014

Consolidated Statement of Financial Position as at 31 December 2014

	Notes	2014	2013
		£	£
Assets			
Non-current assets			
Property, plant and equipment	5	324,495	512,949
Intangible assets	6	979,966	-
Total non-current assets		**1,304,461**	**512,949**
Current assets			
Trade and other receivables	9	3,081,573	2,109,150
Cash and cash equivalents	8	7,273,057	9,684,937
Total current assets		**10,354,630**	**11,794,087**
Total assets		**11,659,091**	**12,307,036**
Liabilities			
Current liabilities			
Trade and other payables	10	1,744,584	2,282,327
Provisions	11	777,325	-
Total current liabilities		**2,521,909**	**2,282,327**
Non-current liabilities			
Trade and other payables	10	130,000	150,000
Provisions	11	257,699	-
Total non-current liabilities		**387,699**	**150,000**
Total liabilities		**2,909,608**	**2,432,327**
Equity			
Share capital	12	29,420,001	25,420,001
Accumulated losses	13	(20,594,323)	(15,441,229)
Total equity attributable to owners of the parent company		**8,825,678**	**9,978,772**
Non-controlling interests in equity	14	(76,195)	(104,063)
Total equity		**8,749,483**	**9,874,709**
Total equity and liabilities		**11,659,091**	**12,307,036**

The financial statements on pages 7 to 30 were approved by the Board of Directors on 16 April 2015 and signed on its behalf by:

W Winters
Director

F Goedhuis
Director

The notes on pages 12 to 30 are an integral part of these consolidated financial statements

Renshaw Bay (UK) Limited
Company Number: 07471504
For the year ended 31 December 2014

Company Statement of Financial Position as at 31 December 2014

	Notes	2014	2013
		£	£
Assets			
Non-current assets			
Property, plant and equipment	5	279,403	422,179
Investments	7	27,989,944	23,270,000
Total non-current assets		**28,269,347**	**23,692,179**
Current assets			
Trade and other receivables	9	294,649	1,040,592
Cash and cash equivalents	8	236,698	452,585
Total current assets		**531,347**	**1,493,177**
Total assets		**28,800,694**	**25,185,356**
Liabilities			
Current liabilities			
Trade and other payables	10	320,014	650,609
Total current liabilities		**320,014**	**650,609**
Equity			
Share capital	12	29,420,001	25,420,001
Accumulated losses	13	(939,321)	(885,254)
Total equity		**28,480,680**	**24,534,747**
Total equity and liabilities		**28,800,694**	**25,185,356**

The financial statements on pages 7 to 30 were approved by the Board of Directors on 16 April 2015 and signed on its behalf by:

W Winters
Director

F Goedhuis
Director

The notes on pages 12 to 30 are an integral part of these consolidated financial statements

Renshaw Bay (UK) Limited
Company Number: 07471504
For the year ended 31 December 2014

Consolidated Statement of Comprehensive Income

	Notes	2014 £	2013 £
Revenue		6,055,128	2,547,169
Expenses			
Personnel expenses	16	(8,251,926)	(7,996,300)
General and administrative expenses	17	(2,741,785)	(3,140,457)
Depreciation	5	(198,111)	(197,104)
Total operating expenses		**(11,191,822)**	**(11,333,861)**
Finance income	19	9,170	11,503
Finance expense	20	(13,772)	-
Loss before income tax		**(5,141,296)**	**(8,775,189)**
Income tax expense	21	-	-
Loss and total comprehensive loss for the year		**(5,141,296)**	**(8,775,189)**
Attributable to			
Owners of the parent		**(5,141,296)**	**(8,729,395)**
Non-controlling interests	14	**-**	**(45,794)**
Loss and total comprehensive loss for the year		**(5,141,296)**	**(8,775,189)**

The loss for the year is derived from continuing activities.

There is no other comprehensive income for the year.

The notes on pages 12 to 30 are an integral part of these financial statements.

Renshaw Bay (UK) Limited
Company Number: 07471504
For the year ended 31 December 2014

Consolidated Statement of Changes in Equity

Year to 31 December 2014

	Attributable to owners of the parent				
	Share capital £	Accumulated losses £	Total £	Non-controlling interests £	Total equity £
Restated Balance at 1 January 2013	12,920,001	(6,711,834)	6,208,167	(58,269)	6,149,898
Issue of share capital	12,500,000	-	12,500,000	-	12,500,000
Loss and total comprehensive loss for the year	-	(8,729,395)	(8,729,395)	(45,794)	(8,775,189)
Balance as at 31 December 2013	25,420,001	(15,441,229)	9,978,772	(104,063)	9,874,709
Balance at 1 January 2014	25,420,001	(15,441,229)	9,978,772	(104,063)	9,874,709
Issue of share capital	4,000,000	-	4,000,000	-	4,000,000
Loss and total comprehensive loss for the year	-	(5,141,296)	(5,141,296)	-	(5,141,296)
Allocation of losses	-	(11,798)	(11,798)	27,868	16,070
Balance as at 31 December 2014	29,420,001	(20,594,323)	8,825,678	(76,195)	8,749,483

The notes on pages 12 to 30 are an integral part of these financial statements.

Renshaw Bay (UK) Limited
Company Number: 07471504
For the year ended 31 December 2014

Consolidated Cash Flow Statement

	Notes	2014 £	2013 £
Cash flows from operating activities			
Cash utilised from operations	22	(5,362,597)	(8,124,426)
Net cash outflow due to operating activities		**(5,362,597)**	**(8,124,426)**
Cash flow from investing activities			
Purchase of fixed assets	5	(9,657)	(17,852)
Proceeds from sale of fixed assets		-	500
Purchase of intangible assets	6	(1,035,024)	
Interest income	19	9,170	11,503
Interest expense	20	(13,772)	-
Net cash outflow from investing activities		**(1,049,283)**	**(5,849)**
Cash flows from financing activities			
Capital contributions received from shareholders	12	4,000,000	12,500,000
Capital contributions received from non-controlling interests		-	60,000
Repayment of capital to minority interests		-	(8,004)
Net cash inflow from financing activities		**4,000,000**	**12,551,996**
Net (decrease)/increase in cash and cash equivalents		**(2,411,880)**	**4,421,721**
Cash and cash equivalents at beginning of the year	8	9,684,937	5,263,216
Cash and cash equivalents at the end of the year	8	**7,273,057**	**9,684,937**

The notes on pages 12 to 30 are an integral part of these financial statements.

Notes to the Financial Statements

1 General information

Renshaw Bay (UK) Limited (the 'Company') and its subsidiary, Renshaw Bay LLP, (together, the 'Group') provide investment management and advisory services to various funds and investment vehicles. Renshaw Bay LLP became an Alternative Investment Fund Manager ('AIFM') on 04 August 2014 and is regulated by the Financial Conduct Authority. Renshaw Bay LLP is authorised to conduct investment activities.

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 2014 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 parent 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.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention.

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 8 of the financial statements.

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.

Notes to the Financial Statements (continued)

Standards, amendments and interpretations effective on or after 1 January 2014

The following standards have been adopted by the Company and the Group in the year:

IFRS 10 - Consolidated financial statements

The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective for annual periods beginning on or after 1 January 2014.

The Group provides investment management and advisory services to the following investment vehicles; Renshaw Bay Real Estate Finance Fund L.P., Renshaw Bay REF Strategies 1 L.P., Renshaw Bay Structured Finance Opportunity LP and Renshaw Bay SFO Strategies 1 LP.

As part of the IFRS 10 analysis the Group considers the dominant factor in deciding who controls the investment funds to be the Limited Partners right to remove the General Partner which are referred to as the "kick out rights" of the Investors. As detailed in the Limited Partnership Agreement of each investment vehicle, the investors have a strong right to remove the General Partner and therefore ultimate control.

An additional factor in determining control is the variability of economic interest held by the Group in each investment vehicle. The Group's calculations indicate that the Group has a low variable interest in the investment vehicles.

The Group has concluded that it acts as an agent of the investment vehicles due to the strong kick out rights and the low variability of economic interest and therefore does not control the investment vehicles. Consequently, the investment vehicles have not been consolidated as part of the Group financial statements.

IFRS 12 - Disclosure of interests in other Entities

The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. To accomplish that objective, the standard requires disclosures about the entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities and significant judgements made in determining the accounting for interests in other entities and the determination that the entity is an investment entity.

The Group has consolidated all of its subsidiaries listed in Note 28 of the financial statements. The Group does not have any associates or joint arrangements.

The Group has reviewed the Standard to determine whether the Investment vehicles fall within the definition of a structured entity.

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding which entity controls it. Structured entities are generally created to achieve a narrow and well defined objective and there are specific restrictions around their ongoing activities.

The Group considers the "kick out rights" held by the Limited Partners to be the dominant factor in determining the control of the investment vehicles. As these rights are both currently exercisable and without significant barriers to their exercise the Group has determined that the investment vehicles are not structured entities and therefore the Group has not applied the disclosure requirements under IFRS 12.

Notes to the Financial Statements (continued)

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 2017.

Both IFRS 9 and IFRS 15 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 2014 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 28).

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.

Notes to the Financial Statements (continued)

2.2 Consolidation (continued)

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.

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.

Notes to the Financial Statements (continued)

2.5 Employee benefits

A defined contribution plan is a post-employment benefit plan under which the company 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.

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.

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 23).

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.

Notes to the Financial Statements (continued)

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.

2.13 Intangible asset

Intangible asset relates to the capitalisation of success fees 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.

Notes to the Financial Statements (continued)

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 (See note 18). 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 in full, 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 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 depreciation of property, plant and equipment, on the difference between the fair values of the net assets acquired and their tax base (See note 21).

The tax effects of carrying forward unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

2.16 Deferred compensation

The Group operates a remuneration policy whereby a portion of the total compensation for eligible members and employees is deferred over a three year vesting period and is subject to forfeiture. The amounts not expensed are disclosed as contingent liability with note 24 of the financial statements.

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.

3.1 Market risk

Market risk is the risk that market conditions lead to a reduction in the value of the funds under management and 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 Partnership's foreign exchange risk.

Notes to the Financial Statements (continued)

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 2014, the Group held cash at bank amounting to £7,273,057 (2013: £9,684,937) and had financial liabilities of £1,744,584 (2013: £2,282,327) which are due to mature within 3 months of the balance sheet date.

3.3.1 Capital risk management

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

Renshaw Bay LLP is subject to FCA capital requirements and accordingly maintains sufficient capital resources to meet this requirement. Further to this the group maintains sufficient capital to meeting FCA capital requirements and to support the Group's risk appetite and economic capital requirements. The Group regards its equity as shown in the reserves as capital.

Notes to the Financial Statements (continued)

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.

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Notes to the Financial Statements (continued)

5 Property, plant and equipment

Group	Leasehold improvements £	Computer equipment £	Office equipment £	Furniture and fixtures £	Total £
Cost					
Opening balance at 1 January 2014	509,699	199,156	43,501	40,117	792,473
Additions during the year	-	7,892	1,765	-	9,657
Disposals during the year	-	-	-	-	-
Balance as at 31 December 2014	**509,699**	**207,048**	**45,266**	**40,117**	**802,130**
Accumulated depreciation					
Opening balance as at 1 January 2014	149,395	92,164	21,552	16,413	279,524
Charge for the year	105,454	65,453	13,831	13,373	198,111
Eliminated on disposal for the year	-	-	-	-	-
Balance as at 31 December 2014	**254,849**	**157,617**	**35,383**	**29,786**	**477,635**
Net book value at 31 December 2014	**254,850**	**49,431**	**9,883**	**10,331**	**324,495**
Net book value at 31 December 2013	360,304	106,992	21,949	23,704	512,949

Company	Leasehold improvements £	Computer equipment £	Office equipment £	Furniture and fixtures £	Total £
Cost					
Opening balance at 1 January 2014	509,699	62,994	8,852	40,117	621,662
Additions during the year	-	-	-	-	-
Balance as at 31 December 2014	509,699	62,994	8,852	40,117	621,662
Accumulated depreciation					
Opening balance as at 1 January 2014	149,395	29,747	3,928	16,413	199,483
Charge for the year	105,454	20,998	2,951	13,373	142,776
Balance as at 31 December 2014	**254,849**	**50,745**	**6,879**	**29,786**	**342,259**
Net book value at 31 December 2014	**254,850**	**12,249**	**1,973**	**10,331**	**279,403**
Net book value at 31 December 2013	360,304	33,247	4,924	23,704	422,179

Notes to the Financial Statements (continued)

6 Intangible assets

	Success fee
Group	**£**
Cost	
Opening balance at 1 January 2014	-
Additions during the year	1,035,024
Balance as at 31 December 2014	**1,035,024**
Accumulated amortisation	
Opening balance at 1 January 2014	-
Charge for the year	55,058
Balance as at 31 December 2014	**55,058**
Net book value at 31 December 2014	**979,966**
Net book value at 31 December 2013	-

The success fee is recognised at cost less amortisation.

7 Investments

	2014	2013
Company	**£**	**£**
At 1 January	23,270,000	11,470,000
Additions	4,719,944	12,500,000
Less impairments	-	(700,000)
At 31 December	**27,989,944**	**23,270,000**

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 99.54% (2013: 99.16%) of the voting rights. The subsidiary's principal activity is the provision of investment management and advisory services.

During the year, the Company made a capital contribution of £4,719,944 (2013: £12,500,000) into Renshaw Bay LLP as working capital for the Group.

8 Cash and cash equivalents

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

	Group 2014	Company 2014	Group 2013	Company 2013
	£	**£**	**£**	**£**
Cash at bank	7,273,057	236,698	9,684,937	452,585
Total cash and cash equivalents	**7,273,057**	**236,698**	**9,684,937**	**452,585**

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

Notes to the Financial Statements (continued)

9 Trade and other receivables

	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Amounts due from Renshaw Bay Ltd	1,772,836	-	200,954	-
Amounts due from Renshaw Bay LLP	-	-	-	35,821
Amounts due from other related parties (Note 25)	16,854	-	286,087	-
Other receivables	352,335	34,667	890,031	751,267
Prepayments and accrued income	939,548	259,982	732,078	253,504
Total trade and other receivables	**3,081,573**	**294,649**	**2,109,150**	**1,040,592**

Amounts due from group entities are unsecured, interest free and repayable on demand.

10 Trade and other payables

	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Current				
Amounts due to Renshaw Bay Ltd	-	-	-	23,494
Amounts due to Renshaw Bay LLP	-	9,352	-	-
Amounts due to other related parties (Note 25)	29,683	-	-	-
Trade payables	144,686	36,111	592,584	239,758
Other payables	66,166	-	10,455	-
Other taxes and social security costs	107,952	-	109,106	-
Accrued expenses	1,396,097	274,551	1,570,182	387,357
	1,744,584	**320,014**	**2,282,327**	**650,609**
Non-current				
Other payables	130,000	-	150,000	-
	130,000	**-**	**150,000**	**-**
Total trade and other payables	**1,874,584**	**320,014**	**2,432,327**	**650,609**

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

Notes to the Financial Statements (continued)

11 Provisions

	Success fee
Group	**£**
At 1 January 2014	-
Provided for during the year	1,035,024
At 31 December 2014	**1,035,024**

Analysis of total provisions:

	2014	2013
	£	£
Current	777,325	-
Non-current	257,699	-
Total provisions	**1,035,024**	-

Provisions recognised are in respect of success fees payable to a placement agent.

12 Share capital

	Group 2014	Company 2014	Group 2013	Company 2013
	£	£	£	£
Allotted, called up and fully paid				
29,420,001 (2013: 25,420,001) ordinary shares of £1 each	29,420,001	29,420,001	25,420,001	25,420,001

During the year 4,000,000 (2013: 12,500,000) ordinary shares of £1 each were allotted and issued for which consideration in cash was received in full. The purpose of the share issue was to provide additional working capital for the company.

13 Accumulated Losses

	Group 2014	Company 2014	Group 2013	Company 2013
	£	£	£	£
At 1 January	(15,441,229)	(885,254)	(6,711,834)	(130,134)
Loss for the year	(5,141,296)	(54,067)	(8,729,395)	(55,120)
Allocation of losses	(11,798)	-	-	-
Investment impairment	-	-	-	(700,000)
At 31 December	**(20,594,323)**	**(939,321)**	**(15,441,229)**	**(885,254)**

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

Notes to the Financial Statements (continued)

14 Non-controlling interests

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

Group	2014 £	2013 £
At 1 January	(104,063)	(58,269)
Share of loss for the year	-	(45,794)
Losses attributed to former non-controlling interests	27,868	-
At 31 December	**(76,195)**	**(104,063)**

15 Directors' emoluments

The directors did not receive or waive any remuneration in respect of services provided to the Group during the year (2013: £nil).

16 Personnel expenses

Group	2014 £	2013 £
Wages and salaries	7,553,980	7,129,813
Social security costs	351,614	463,436
Other staff costs	346,332	403,051
Total personnel expenses	**8,251,926**	**7,996,300**
The monthly average number of employees during the year (excluding directors)	32	25

17 General and administrative expenses

Group	2014 £	2013 £
Property expenses	953,333	945,214
Office expenses	121,836	127,621
Travel and entertainment	274,128	449,191
IT systems and market data	560,327	633,847
Legal and professional	541,298	678,812
Royalties	250,000	250,000
Other expenses	40,863	55,772
Total general and administrative expenses	**2,741,785**	**3,140,457**

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Notes to the Financial Statements (continued)

18 Operating loss

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

Group	2014 £	2013 £
Operating lease rentals payable on property	497,055	494,733
Auditors' remuneration:		
-fees payable to the auditors for the audit of the parent company and consolidated financial statements	6,825	7,300
-fees payable to the auditors for the audit of the subsidiary financial statements	33,600	39,700
-fees payable to the auditors for other services – tax services	48,773	65,696
-fees payable to the auditors for other services – regulatory services	5,250	5,000
Depreciation	198,111	197,104
Foreign exchange (gains)/losses	(23,303)	13,835

19 Finance income

	2014 £	2013 £
Interest received	9,170	11,503
Total finance income	**9,170**	**11,503**

20 Finance expense

	2014 £	2013 £
Interest payable	13,772	-
Total finance expense	**13,772**	-

Notes to the Financial Statements (continued)

21 Tax expense

Group	**2014** £	**2013** £
Current tax:		
Current income tax charge	-	-
Total income tax expense	-	-

The tax on the Group's loss before tax differs from the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £	**2013** £
Loss before corporation tax	(5,141,296)	(8,775,189)
Tax calculated at standard corporation tax rate in the UK of 21.5% (2013: 23.25%)	(1,105,379)	(2,040,231)
Effects of:		
Expenses not deductible for tax purposes	680,179	772,063
Depreciation in excess of capital allowances	37,179	44,116
Tax losses for which no deferred income tax asset was recognised	388,021	1,213,581
Losses attributable to non-controlling interests	-	10,472
Tax charge	-	-

Deferred tax assets in respect of trading losses and decelerated capital allowances have not been recognised on the basis of uncertainty of suitable taxable profits in the immediate future for the asset to crystallise.

22 Cash utilised from operations

	2014 £	**2013** £
Loss before income tax	(5,141,296)	(8,775,189)
Adjustments for:		
- finance income	(9,170)	(11,503)
- finance expense	13,772	-
- depreciation	198,111	197,104
- amortisation	55,058	-
- loss on disposal of property, plant and equipment	-	1,549
- loss allocated to non-controlling interest	-	(21,996)
Changes in working capital:		
- trade and other receivables	(972,423)	61,003
- trade and other payables	(541,673)	424,606
- Provisions	1,035,024	-
Cash utilised from operations	**(5,362,597)**	**(8,124,426)**

Notes to the Financial Statements (continued)

23 Commitments

Capital commitments

At 31 December 2014, the Group was not committed to any capital expenditure.

Operating lease commitments

The Group has future minimum lease payments under a non-cancellable operating lease, which expires on 28 May 2022 subject to a break clause at any time after 28 May 2017, as follows:

Property	**0 – 1 year**	**1 – 5 years**	**> 5 years**	**Total**
	£	£	£	£
At 31 December 2014	596,310	844,772	Nil	1,441,082
At 31 December 2013	596,310	1,441,082	Nil	2,037,392

The above analysis for 31 December 2014 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.

24 Contingent liabilities

As part of the Group's remuneration policy, a portion of the total compensation will be deferred and subject to forfeiture. The Group will recognise the expense over a three year vesting period. The terms of the agreement with the eligible members and employees state that payments will depend on whether the individuals remain in the employment or membership of the Group, their performance over the vesting period and that the Group will retain ultimate discretion.

For the year ended 31 December 2014, the total compensation deferred and not reflected in these financial statements was £681,585 (2013: £795,543).

Notes to the Financial Statements (continued)

25 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 £3,847,388 (2013: £1,412,676) in respect of investment management and advisory services provided to Renshaw Bay Ltd. The fees receivable have been offset by expenses incurred by Renshaw Bay Ltd on behalf of the Group of £54,746 (2013: £33,009). At the year end £1,772,836 (2013: £200,954) was still owed 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 £13 (2013: £300). At the year end £183 was owed to the Group (2013: £300).

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 £13 (2013: £300). At the year end £183 was owed to the Group (2013: £300).

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 £673,042 (2013: £nil) in respect of investment management and advisory services provided to RB SFO LLP. At the year end £29,217 was owed to Renshaw Bay SFO LLP (2013: £nil).

RB REFS 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 collected VAT refunds amounting to £50 on behalf of RB REFS 1 Ltd. At the year end £50 was owed to RB REFS 1 Ltd (2013: £nil).

RB REFS 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 collected VAT refunds amounting to £50 on behalf of RB REFS 1 Ltd. At the year end £50 was owed to RB REFS 2 Ltd (2013: £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 £323,166 (2013: £285,487). At the year end £16,854 was owed to the Group (2013: £285,487).

During the 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 £60,000 (2013: £30,000). At the year end no amounts were outstanding (2013: £Nil).

26 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 the Guernsey. The registered office address of the ultimate parent company is, Redwood House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA.

Notes to the Financial Statements (continued)

27 Subsequent events

On 26 February 2015 W Winters announced his intention to step down from the role of CEO of Company at the end of May 2015.

28 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%	99.54%

29 Approval of financial statements

The financial statements were authorised for issue on 16 April 2015 by the board of directors.