

# ARMAJARO

HOLDINGS LTD

## **Report and Consolidated Financial Statements for the year ended 31 December 2015**

**Company Registration No. 3575908**



# **Armajaro Holdings Limited**

## **Report and consolidated financial statements 2015**

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# Armajaro Holdings Limited

## Strategic report

### Business review

The year to 31 December 2015 has seen the Armajaro Holdings Ltd (“AHL”) group continue to focus on its core activity of hedge fund management. The group has had a profitable year despite the difficult market conditions.

As well as the hedge fund business, operated via Armajaro Asset Management LLP (“AAM”), the group also has an interest in wine production and distribution.

AAM is regulated by the Financial Conduct Authority (the “FCA”), registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser under the Investment Advisers Act of 1940 and registered with the U.S. Commodity Futures and Trading Commission (“CFTC”) as a Commodity Pool Operator and a Commodity Trading Adviser and is a member of the National Futures Association (“NFA”). The principal activity of AHL as a company is to provide management services to its subsidiaries and associated undertakings.

The group profit for the period, after taxation and minority interests was US\$2,950,000 (2014 – US\$921,000). Shareholders’ funds increased to US\$21,116,000 (2014 – US\$17,764,000).

The directors do not recommend the payment of a dividend (2014 – US\$ nil) and propose that the profit for the period is transferred to reserves.

### Principal risks and uncertainties

The group’s businesses operate in highly competitive markets. The group manages the risks of operating in such environments by offering competitive prices, providing value added services and maintaining strong relationships with its customers and suppliers.

#### *Market risk*

The group is indirectly exposed to market price movements via the hedge funds it manages; in particular commodity price and foreign exchange currency movements will impact the performance of these funds, and as a result the fee income earned by the group from these funds. The funds are managed according to specific risk criteria, and the group operates strict trading position and value at risk (“VAR”) limits.

#### *Interest rate risk*

The group has no external debt and is not subject to significant interest rate risk.

#### *Liquidity risk*

Liquidity risk is the risk that the group may not be able to meet its obligations when they fall due. The group therefore maintains sufficient cash to meet its obligations at all times. The group’s liquidity position is managed by a centralized group treasury function and short term cash requirements and long term funding projections are constantly reviewed to ensure that all funding requirements are adequately covered.

#### *Counterparty risk*

The group is exposed to the risk that its counterparties will default on their contractual obligations to pay fees, resulting in a financial loss. This is managed by use of third-party reputable administrators through which fees are received.

# Armajaro Holdings Limited

## Principal risks and uncertainties (continued)

### *Foreign exchange risk*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates is included as an exchange gain or loss in the profit and loss account. The group has chosen USD as the functional currency reflecting the fact that a substantial amount of the turnover is denominated in USD. The directors therefore believe that USD should be used as the presentation currency.

### **Key performance indicators**

The Board monitors performance on an ongoing basis and uses key performance indicators (KPIs) to measure its performance against set benchmarks, including budget and prior year data and analysis of return on capital. Following the disposal of subsidiaries, the main KPIs used by the Board relate to its asset management business, with assets under management being a key metric. Assets under management fell by 52.3% from US\$980,000 at 31 December 2014 to US\$467,000 at 31 December 2015.

Approved by the Board of Directors  
and signed on behalf of the Board

16 Charles Street  
London  
W1J 5DS



A Ward  
Director  
20 September 2016

# **Armajaro Holdings Limited**

## **Directors' report**

### **Directors**

The directors who served throughout the period and to the date of this report, except as noted, were as follows:

Anthony Ward  
Richard Gower  
Harry Morley (resigned 23 March 2015)  
John Tilney (resigned 23 March 2015)

### **Going concern**

The directors continue to adopt the going concern basis in preparing the annual report and accounts. Going concern is further discussed in Note 1, Accounting policies.

### **Employees**

The group had an average of 62 employees during the period (2014 – 89) as detailed in Note 7, Staff costs.

### **Equal Opportunities**

It is the group's policy to ensure that no job applicant or employee receives less favourable treatment on the grounds of sexual orientation, age, race, colour, nationality, ethnic origin, religion, belief, disability, marital status, or trade union membership or is disadvantaged by conditions and requirements which cannot be shown to be justifiable.

### **Charitable and political donations**

The group made no charitable donations in the period (2014 – total charitable donations of US\$nil). The group made no political donations in the period ended 31 December 2015 (2014 – US\$nil).

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of the report.

# Armajaro Holdings Limited

## Directors' report (continued)

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

16 Charles Street  
London  
W1J 5DS



A Ward  
Director  
20 September 2016

# **Armajaro Holdings Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' 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 elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company and of the profit or loss of the group for that year.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of Armajaro Holdings Limited**

We have audited the financial statements of Armajaro Holdings Limited for the year ended 31 December 2015 which comprise the consolidated income statement, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated and parent company statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

## **Armajaro Holdings Limited**

### **Independent auditor's report to the members of Armajaro Holdings Limited (continued)**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*BDO LLP*

Vanessa-Jayne Bradley (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
55 Baker Street  
London, United Kingdom

20 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Armajaro Holdings Limited

## Consolidated statement of comprehensive income

Year ended 31 December 2015

<i>Company Registration No. 3575908</i>	Notes	2015 US\$'000	2014 US\$'000
<b>Turnover</b>	3	33,660	40,637
Cost of sales		(10,937)	(11,498)
<b>Gross profit</b>		22,723	29,139
Operating expenses		(19,416)	(25,444)
Amortisation of goodwill	12	-	(3,169)
<b>Operating profit</b>		3,307	526
Interest receivable and similar income	4	53	56
Interest payable and similar charges	5	(2)	(28)
(Loss)/profit on sale of investments	11	(307)	543
<b>Profit on ordinary activities before taxation</b>	6	3,051	1,097
Tax charge on loss on ordinary activities	8	(101)	(176)
<b>Profit attributable to shareholders of the Group</b>	21	2,950	921
Foreign exchange arising upon consolidation		507	70
Consideration paid for company shares by ESOP		(9)	(117)
Gain/(loss) on revaluation of available for sale investments	14	75	273
<b>Other comprehensive income for the year</b>		573	226
<b>Total comprehensive income for the year</b>		3,523	1,147

A consolidated statement of changes in equity is presented on page 14.


# Armajaro Holdings Limited

## Consolidated balance sheet 31 December 2015

<i>Company Registration No. 3575908</i>		2015	2014
	Notes	US\$'000	US\$'000
<b>Fixed assets</b>			
Tangible assets	9	5,012	6,242
Investments	10	1,438	1,998
Goodwill	12	-	-
		<hr/> 6,450	<hr/> 8,240
<b>Current assets</b>			
Stock	13	817	849
Available for sale investments	14	3,723	6,007
Debtors	15	17,775	13,844
Cash at bank and in hand		15,880	13,015
		<hr/> 38,195	<hr/> 33,715
<b>Creditors: amounts falling due within one year</b>	16	(23,509)	(21,970)
<b>Net current assets</b>		<hr/> 14,686	<hr/> 11,745
<b>Total assets less current liabilities</b>		<hr/> 21,136	<hr/> 19,985
<b>Net assets</b>		<hr/> <hr/> 21,136	<hr/> <hr/> 19,985
<b>Capital and reserves</b>			
Share capital	17	13,100	13,100
Reserves		8,016	4,664
		<hr/> 21,116	<hr/> 17,764
<b>Shareholders' funds</b>			
Minority interests	19	20	2,221
		<hr/> 21,136	<hr/> 19,985
<b>Total capital employed</b>		<hr/> <hr/> 21,136	<hr/> <hr/> 19,985

These financial statements of Armajaro Holdings Limited, registration number 3575908 were approved and authorised for issue by the Board of Directors on 20 September 2016 and signed on its behalf by:

  
Richard Gower  
Director

  
Anthony Ward  
Director

# Armajaro Holdings Limited

## Company balance sheet

31 December 2015

*Company Registration No. 3575908*

	Notes	2015 US\$'000	2014 US\$'000
<b>Fixed assets</b>			
Tangible assets	9	1,800	1,971
Investments	10	12,941	25,404
		<hr/> 14,741	<hr/> 27,375
<b>Current assets</b>			
Available for sale investments	14	3,723	6,007
Debtors	15	17,725	12,017
Cash at bank and in hand		2,090	519
		<hr/> 23,538	<hr/> 18,543
<b>Creditors: amounts falling due within one year</b>	16	(10,844)	(12,470)
<b>Net current assets/(liabilities)</b>		<hr/> 12,694	<hr/> 6,073
<b>Total assets less current liabilities</b>		<hr/> 27,435	<hr/> 33,448
<b>Net assets</b>		<hr/> <hr/> 27,435	<hr/> <hr/> 33,448
<b>Capital and reserves</b>			
Share capital	17	13,100	13,100
Reserves		14,335	20,348
<b>Shareholders' funds</b>		<hr/> <hr/> 27,435	<hr/> <hr/> 33,448

The accompanying notes are an integral part of these financial statements. These financial statements of Armajaro Holdings Limited, registration number 3575908 were approved and authorised for issue by the Board of Directors on 20 September 2016 and signed on its behalf by:



Richard Gower  
Director



Anthony Ward  
Director

# Armajaro Holdings Limited

## Consolidated cash flow statement

Year ended 31 December 2015

	Notes	2015 US\$'000	2014 US\$'000
<b>Cash flows from operating activities:</b>			
Profit for the financial year		3,307	526
Adjustments for:			
Depreciation charges	9	215	589
Loss on disposal of fixed assets	9	27	137
Amortisation of goodwill		-	3,169
Decrease in financial instruments held for trading		-	4
Decrease in stocks		32	645
Increase in debtors		(4,010)	(3,008)
Increase/(decrease) in creditors		1,662	(3,289)
Foreign exchange adjustments		1,040	436
<b>Cash from operations</b>		<b>2,273</b>	<b>(791)</b>
Interest paid		(2)	(28)
Taxation paid		(36)	(446)
<b>Net cash generated from operating activities</b>		<b>2,235</b>	<b>(1,265)</b>
<b>Cash flows from investing activities:</b>			
Proceeds from sale of tangible fixed assets		-	284
Purchase of tangible fixed assets	9	(91)	(848)
Interest received		53	56
Sale of available for sale investments		2,360	3,153
Purchase of investments		(1,683)	(2,160)
<b>Net cash from investing activities</b>		<b>639</b>	<b>485</b>
<b>Cash flows from financing activities:</b>			
Additional share capital issued		-	4,800
Purchase of own shares by ESOP		(9)	(117)
<b>Net cash (used in)/from financing activities</b>		<b>(9)</b>	<b>4,683</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,865</b>	<b>3,903</b>
Cash and cash equivalents at beginning of year		13,015	9,112
<b>Cash and cash equivalents at end of year</b>		<b>15,880</b>	<b>13,015</b>

Cash and cash equivalents comprise cash at bank and in hand only.

## Armajaro Holdings Limited

### Consolidated statement of changes in equity

Year ended 31 December 2015

	Share capital US\$'000	Own shares US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000	Profit and loss account US\$'000	Total US\$'000
1 January 2015	13,100	(2,725)	672	(396)	7,113	17,764
Profit after tax for the year	-	-	(171)	-	2,950	2,779
Currency translation differences	-	-	-	507	-	507
Purchase of shares by ESOP	-	(9)	-	-	-	(9)
Gain/(loss) on AFS investments	-	-	75	-	-	75
31 December 2015	13,100	(2,734)	576	111	10,063	21,116

	Share capital US\$'000	Own shares US\$'000	Revaluation reserve US\$'000	Other reserve US\$'000	Profit and loss account US\$'000	Total US\$'000
1 January 2014	8,300	(2,608)	543	(466)	6,192	11,961
Profit after tax for the year	-	-	(144)	-	921	777
Currency translation differences	-	-	-	70	-	70
Purchase of shares by ESOP	-	(117)	-	-	-	(117)
Gain/(loss) on AFS investments	-	-	273	-	-	273
Issue of share capital	4,800	-	-	-	-	4,800
31 December 2014	13,100	(2,725)	672	(396)	7,113	17,764

## Armajaro Holdings Limited

### Company statement of changes in equity

#### Year ended 31 December 2015

	Share capital US\$'000	Own shares US\$'000	Revaluation reserve US\$'000	Profit and loss account US\$'000	Total US\$'000
1 January 2015	13,100	(2,725)	672	22,401	33,448
Profit after tax for the year	-	-	(171)	(5,908)	(6,079)
Purchase of shares by ESOP	-	(9)	-	-	(9)
Gain/(loss) on AFS investments	-	-	75	-	75
31 December 2015	13,100	(2,734)	576	16,493	27,435

	Share capital US\$'000	Own shares US\$'000	Revaluation reserve US\$'000	Profit and loss account US\$'000	Total US\$'000
1 January 2014	8,300	(2,608)	543	89,313	95,548
Profit after tax for the year	-	-	(144)	(66,912)	(67,056)
Purchase of shares by ESOP	-	(117)	-	-	(117)
Gain/(loss) on AFS investments	-	-	273	-	273
Issue of share capital	4,800	-	-	-	4,800
31 December 2014	13,100	(2,725)	672	22,401	33,448

# **Armajaro Holdings Limited**

## **Notes to the accounts (continued)** **Year ended 31 December 2015**

### **1. Accounting policies**

Armajaro Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given in the directors' report and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements are prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The date of transition is 1 January 2014. The company's financial statements were previously prepared in accordance with accounting standards applicable in the United Kingdom. The significant accounting policies adopted are described below. They have all been applied consistently throughout the period. There is no material impact of first-time adoption of FRS 102.

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention. The individual accounts of Armajaro Holdings Limited have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flow and related notes.
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

#### **Judgements in applying accounting policies and key sources of estimation uncertainty**

The directors are of the opinion that due to the nature of the business, there are no critical judgements used in the preparation of these financial statements.

#### **Basis of consolidation**

The group accounts consolidate the accounts of Armajaro Holdings Limited and its subsidiary undertakings. The results of subsidiaries acquired or sold are consolidated from or to the date on which control passed. Associates are accounted for under the equity method. No separate individual company profit and loss account or cash flow statement is presented for Armajaro Holdings Limited as provided by s408 of the Companies Act 2006. The parent company's loss after tax for the financial year amounted to US\$5,908,000 (2014 – loss of US\$66,912,000).

#### **Going concern**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the strategic report. The financial position of the group, its cash flows, liquidity and risk position are set out in this report. In addition Note 2 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The group meets its day-to-day working capital requirements by maintaining cash reserves and overdraft facilities. It has no external borrowings and hence is not dependent on any particular financial institution.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. This view is enhanced by the continuing profitability of Armajaro Asset Management LLP. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than art, land and buildings in the course of construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 1. Accounting policies (continued)

Land	Nil
Buildings	25 - 50 years
Plant and equipment	3 - 10 years
Fixtures and fittings	3 years
Motor vehicles	3 - 5 years
Computer equipment	2 - 3 years

### Participating interest in associates

In the group financial statements, investments in associates are accounted for using the equity method. The consolidated profit and loss account includes the group's share of the associates' profits less losses while the group's share of the net assets of the associates is shown in the consolidated balance sheet. Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out below. Any unamortised balance of goodwill is included in the carrying value of the investment in associates. The results of associates sold are consolidated for the period up until disposal.

### Investments

Investments in subsidiaries are individually stated at cost less provision for impairment. Investments in Available-for-sale instruments are measured at fair value (refer to *Financial Instruments* policy).

### Intangible assets – goodwill

Goodwill arising on the acquisition of associate undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight-line basis over a period of time appropriate to the business acquired. Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

### Stock

Stock is stated at lower of cost and net realisable value. The stock shown on the balance sheet relates to holdings of wine.

### Loans to group undertakings

Loans to group undertakings are stated at amortised cost less provision for impairment.

### Turnover

Turnover represents sales of physical commodities, profits from dealing in structured notes and fees from investment management activities. Turnover is accounted for on an accruals basis. An analysis of turnover by geographical area has not been presented as the directors believe the disclosure of such information would be seriously prejudicial to the interests of the group.

### Dividends

Dividends are recognised in the period in which they are declared. Interim dividends are recognised when paid.

# **Armajaro Holdings Limited**

## **Notes to the accounts (continued)** **Year ended 31 December 2015**

### **1. Accounting policies (continued)**

#### **Foreign currency**

The group has identified USD as the functional currency reflecting the fact that a substantial amount of the capital and transactions are denominated in USD. The directors therefore believe that USD should be used as the presentation currency. Transactions in other currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in a currency other than the functional currency at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

#### **Operating leases**

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

#### **Taxation**

Corporation tax payable is provided at amounts expected to be paid, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **Deferred taxation**

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when these timing differences crystallise. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one of other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss is charged with the fair value of goods and services received.

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 1. Accounting policies (continued)

#### Employee share ownership plan

The cost of the company's shares held by the ESOP is deducted from equity in the company and group balance sheets under the heading "Own shares". Any cash received by the ESOP on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOP (including borrowings) are recognised as assets and liabilities of the company.

#### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the group or company has become a party to the contractual provisions of the instrument. The company is adopting the recognition and measurement provisions of IAS 39 *Financial Instruments: Recognition and Measurement* (as adopted for use in the EU).

##### *Financial assets*

Financial assets are classified into the following specific categories:

##### - Fair value through profit or loss

The group and company classify their derivative financial instruments as held for trading. Profits and losses arising therefrom are recognised in the profit and loss account.

##### - Available-for-sale

Certain equity investments are classified as available for sale, as they are not classified as held to maturity investments, loans and receivables, held for trading, or designated as fair value through the profit and loss account. They are measured at fair value, based on third party independent valuations, with fair value gains or losses recognised through the Statement of Total Recognised Gains and Losses. Where the investment is disposed of the cumulative gain or loss previously recognised in reserves is included in the profit and loss account for the period.

##### - Loans and receivables

Trade and other debtors that have determinable payments that are not quoted in an active market are classified as loans and receivables. They are measured at amortised cost using the effective interest method, less any impairment.

##### - Cash

Cash comprises cash on hand and demand deposits, which may be accessed without penalty.

##### *Financial liabilities and equity*

Financial liabilities are classified into the following specific categories:

##### - Fair value through profit or loss

The group and company classify their derivative financial instruments as held for trading. Profits and losses arising therefrom are recognised in the profit and loss account.

##### - Other financial liabilities

This includes bank loans and overdrafts, and trade and other creditors. Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

# **Armajaro Holdings Limited**

## **Notes to the accounts (continued)** **Year ended 31 December 2015**

### **2. Risk management procedures**

The group manages various risks across the different sectors in which it operates, including operational risk from breach of regulatory requirements within Armajaro Asset Management (“AAM”). The group’s management of the main risks associated with its activities is detailed below. Full risk disclosure in compliance with the Pillar 3 rules as set out in BIPRU 11 can be found on the AAM website.

#### **Market risk management**

The group aims to match the currency denomination of its cost base to its revenue as far as possible.

#### **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. Trade debtors consist predominantly of management and performance fee income which are generally settled within one month.

The maximum exposure to credit risk is equal to the carrying value of trade debtors and derivative financial instruments. Refer to note 15, Debtors, for age analysis of financial assets that are past due. The group has no significant concentration of credit risk.

#### **Liquidity risk management**

Liquidity risk refers to the risk that the group is unable to meet its obligations as they fall due owing to insufficient financial resources. The group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. Refer to note 22, Financial instruments, for detail of maturity analysis of financial liabilities.

#### **Operational risk management**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It is inherent in every business operation and covers a wide spectrum of potential issues. The group manages this risk by operating a control-based environment in which the processes are documented, authorisation is independent and transactions are reconciled and monitored. This is supported by a programme of periodic independent reviews undertaken by group compliance.

#### **Interest rate risk management**

Interest rate risk represents the sensitivity of the group to changes in interest rates. Owing to the fact that the group has had relatively low levels of interest-bearing long-term loans, the board believes that it is not exposed to significant interest rate risk. The group matches short term financing requirements with short term borrowings.

#### **Capital risk management**

The group’s primary objective in managing capital is to ensure that it has capital which is permanent and which is able to absorb any losses arising from an extreme event. The group is subject to regulatory capital requirements in three of its subsidiaries and ensures that a significant capital surplus is maintained at all times in these subsidiaries. The group’s capital is made up of paid up share capital and reserves.

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 2. Risk management procedures (continued)

#### Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Current risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the group's functional and presentation currency. The group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar (the functional and presentation currency), United Kingdom Pounds and the South African Rand. The group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

This note should be read in conjunction with note 20, Financial Instruments.

### 3. Segment information

	Asset Management		Other		Total	
	2015	2014	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Turnover	30,325	35,832	3,335	4,805	33,660	40,637
Profit/(loss) before taxation	4,310	3,420	(1,259)	(2,323)	3,051	1,097
Net assets	6,160	6,466	14,976	13,519	21,136	19,985

### 4. Interest receivable and similar income

	2015	2014
	US\$'000	US\$'000
Interest on bank deposits and broker margin accounts	53	56

### 5. Interest payable and similar charges

	2015	2014
	US\$'000	US\$'000
Interest on bank loans and overdrafts	2	28

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 6. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2015 US\$'000	2014 US\$'000
Depreciation	215	589
Amortisation of goodwill: positive	-	3,169
Fees payable to the company's auditor for the audit of the company and group accounts	21	21
Fees payable to the company's auditor for the audit of the subsidiary company accounts	47	62
Fees payable to the company's auditor and their associates for other services to the group	-	64
Operating lease payments – land and buildings	764	1,183

In the prior year, fees payable to the company's auditor and their associates for other services to the group relates to a Report on Internal Controls for Armajaro Asset Management LLP.

### 7. Staff costs

Particulars of employees (including executive directors) are as shown below:

	2015 US\$'000	2014 US\$'000
Salaries and bonuses	10,057	12,318
Social security costs	1,533	1,848
Other staff costs	164	3
	<u>11,754</u>	<u>14,169</u>

The average weekly number of persons employed by the group during the period was as follows:

	2015 No.	2014 No.
Management	10	12
Trading and operations	52	77
	<u>62</u>	<u>89</u>

Directors' remuneration:

	2015 US\$'000	2014 US\$'000
Emoluments for the period	<u>10,435</u>	<u>11,270</u>
Highest paid director: total remuneration	<u>9,757</u>	<u>8,416</u>

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 8. Tax on profit/(loss) on ordinary activities

	2015 US\$'000	2014 US\$'000
(a) Analysis of tax charge in the period		
UK corporation tax at 20.25% (2014 – 21.50%)	(23)	(10)
Overseas tax	(78)	(14)
Prior year adjustment	-	(152)
Tax charge on profit on ordinary activities	(101)	(176)
Deferred tax movement	-	-
Share of associated undertaking's tax charge	-	-
Tax charge on profit/(loss) on ordinary activities	(101)	(176)

(b) The current period tax charge is lower than that arising from applying the standard UK rate of Corporation Tax of 20.25% (2014 – 21.5%). The differences are explained below:

	2015 US\$'000	2014 US\$'000
Profit on ordinary activities before tax	3,051	1,097
Tax charge at 20.25% (2015 – 21.50%) thereon	(618)	(236)
Effects of:		
Different accounting bases and foreign tax rates	-	(24)
Non taxable income/deductible expenses	42	(783)
Tax losses not recoverable	(14)	-
Utilisation of brought forward tax losses	703	1,494
Tax losses carried forward	(163)	(389)
Timing differences	-	(86)
Prior period adjustments	(51)	(152)
Total tax charge for period	(101)	(176)

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 9. Tangible fixed assets

	Freehold land and buildings US\$'000	Plant and equipment US\$'000	Fixtures and fittings US\$'000	Motor vehicles US\$'000	Computer equipment and software US\$'000	Total US\$'000
<b>Group</b>						
<b>Cost</b>						
1 January 2015	3,183	1,720	2,295	1,084	3,206	11,488
Additions	3	49	4	-	35	91
Disposals	-	-	(27)	-	-	(27)
Exchange adjustments	(812)	(364)	(21)	(80)	-	(1,277)
31 December 2015	2,374	1,405	2,251	1,004	3,241	10,275
<b>Accumulated depreciation</b>						
1 January 2015	-	687	712	982	2,865	5,246
Charge for the period	-	20	11	33	151	215
Disposals	-	-	-	-	-	-
Exchange adjustments	-	(121)	(16)	(60)	(1)	(198)
31 December 2015	0	586	707	955	3,015	5,263
<b>Net book value</b>						
1 January 2015	3,183	1,033	1,584	101	341	6,242
31 December 2015	2,374	819	1,544	49	226	5,012

Works of art with a net book value of US\$1,547,000 (2014 – US\$1,574,000) are included within Fixtures and fittings above.

At 31 December 2015, the group had not granted any fixed charges over tangible fixed assets to secure bank loans (2014 – none).

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 9. Tangible fixed assets (continued)

Company	Plant and equipment US\$'000	Fixtures and fittings US\$'000	Motor vehicles US\$'000	Computer equipment and software US\$'000	Total US\$'000
<b>Cost</b>					
1 January 2015	281	2,160	766	3,116	6,323
Additions	-	-	-	33	33
Disposals	-	(27)	-	-	(27)
31 December 2015	281	2,133	766	3,149	6,329
<b>Accumulated depreciation</b>					
1 January 2015	225	586	747	2,794	4,351
Charge for the year	8	-	18	151	176
Disposals	-	-	-	-	-
31 December 2015	232	586	764	2,945	4,528
<b>Net book value</b>					
1 January 2015	56	1,574	19	322	1,971
31 December 2015	49	1,547	2	203	1,800

Works of art with a net book value of US\$1,547,000 (2014 – US\$1,574,000) are included within Fixtures and fittings above.

### 10. Fixed asset investments

	Group 2015 US\$'000	Company 2015 US\$'000	Group 2014 US\$'000	Company 2014 US\$'000
Investments in subsidiary undertakings	-	6,023	-	16,255
Loans to subsidiary undertakings	-	5,480	-	7,151
Other loans	1,438	1,438	1,998	1,998
	1,438	12,941	1,998	25,404

Loans to subsidiaries includes US\$5,480,000 (2014 – US\$7,151,000) due from Armajaro Estates (Pty) Limited which has no repayment date and is interest free. The Other loans figure is a loan to a minority interest investment, which has no repayment date and is interest free.

## Armajaro Holdings Limited

### Notes to the accounts (continued) Year ended 31 December 2015

#### 10. Fixed asset investments (continued)

##### Investments in subsidiary undertakings

The parent company and the group have investments in the following subsidiary undertakings which principally affected the profits or net assets of the group during the period:

Subsidiary undertakings	Principal activity	Country of incorporation	Holding
Armajaro Asset Management LLP*	Investment management	The United Kingdom	99%
Armajaro Asset Management Holdings Limited	Holding company	The United Kingdom	99.9%
Armajaro Research Limited	Research operations	The United Kingdom	100%
Armajaro Estates (Pty) Limited	Wine production	South Africa	100%
Asset Management Number 8 LLP*	Investment management	The United Kingdom	51%
Asset Management Number 12 LLP*	Investment management	The United Kingdom	100%
Southern Wines Limited	Wine distribution	The United Kingdom	51%
Armajaro Asset Management Executive LLP*	Holding partnership	The United Kingdom	51%
Armajaro Asset Management FM LLP*	Holding partnership	The United Kingdom	51%
Armajaro Asset Management Investments Limited*	Holding company	The United Kingdom	100%
Armajaro Investments Limited	Holding company	The United Kingdom	100%
Armajaro (USA) Inc	Investment management	The United States	100%
Armajaro Trading Group Limited	Dormant trading company	The United Kingdom	100%

\* denotes indirect investment

#### 11. (Loss)/profit on sale of investments

	2015 US\$'000	2014 US\$'000
Profit on sale of investments	171	696
Loss on disposal of fixed assets	(26)	(153)
Provision against loan investment	(452)	-
	<u>(307)</u>	<u>543</u>

During the year the group provided US\$452,000 against its minority investment in African Century Group.

## Armajaro Holdings Limited

### Notes to the accounts (continued) Year ended 31 December 2015

<b>12. Goodwill</b>	<b>2015</b>	<b>2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cost</b>		
At 1 January and 31 December 2015	<u>22,868</u>	<u>22,868</u>
<b>Amortisation</b>		
At 1 January 2015	22,868	19,699
Charge for period	-	3,169
31 December 2015	<u>22,868</u>	<u>22,868</u>
<b>Net book value</b>		
1 January 2015	-	3,169
31 December 2015	<u>-</u>	<u>-</u>

Positive goodwill which arose on the 2008 purchase of AAM LLP was amortised over seven years, and is now fully amortised.

<b>13. Stock</b>	<b>2015</b>	<b>2014</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Wine and wine related products	<u>817</u>	<u>849</u>

Stock is comprised of wine and wine related products, predominantly held in the subsidiary Armajaro Estates (Pty) Limited, South Africa.

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 14. Available-for-sale (AFS) investments

Group and company	2015 US\$'000	2014 US\$'000
<b>Investment at cost</b>		
1 January 2015	5,335	9,789
Additions	-	1,732
Disposals	(2,188)	(6,186)
31 December 2015	<u>3,147</u>	<u>5,335</u>
<b>Unrealised gains</b>		
Unrealised gain at 1 January 2015	672	543
Unrealised gain/(loss) during year	75	273
Realised (profit)/loss taken to profit and loss upon disposal	(171)	(144)
Unrealised gain at 31 December 2015	<u>576</u>	<u>672</u>
<b>Net book value</b>		
1 January 2015	<u>6,007</u>	<u>10,332</u>
31 December 2015	<u>3,723</u>	<u>6,007</u>

During the year the group disposed several AFS investments: the investments originally cost US\$2,188,000 and were disposed of for cash proceeds of US\$2,360,000, generating US\$171,000 profit.

15. Debtors	Group 2015 US\$'000	Company 2015 US\$'000	Group 2014 US\$'000	Company 2014 US\$'000
<b>Amounts falling due within one year:</b>				
Trade debtors	16,212	4	10,771	135
Due from other group undertakings	-	16,512	-	9,805
VAT	188	188	334	294
Other debtors	22	22	893	21
Prepayments and accrued income	1,349	999	1,763	1,762
Receivable foreign taxes	4	-	83	-
	<u>17,775</u>	<u>17,725</u>	<u>13,844</u>	<u>12,017</u>

No trade debtors are past due. For all trade debtors that are not past due, the majority are counterparties with which the group has an established relationship. Credit quality of counterparties is discussed in note 2, Risk management procedures.

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 16. Creditors: amounts falling due within one year

	Group 2015 US\$'000	Company 2015 US\$'000	Group 2014 US\$'000	Company 2014 US\$'000
Trade creditors	1,034	52	1,012	121
Due to other group undertakings	-	5	-	1,252
Corporation tax	392	422	405	452
Other creditors	7,321	-	4,248	-
Other financial liabilities	14,761	10,364	16,305	10,645
	<u>23,509</u>	<u>10,844</u>	<u>21,970</u>	<u>12,470</u>

### 17. Share capital

	2015 US\$'000	2014 US\$'000
<b>Allotted, called up and paid</b>		
32,500,000 (2015 – 32,500,000) 'A' ordinary shares of US\$0.1 each	3,250	3,250
6,500,000 (2015 – 6,500,000) 'E' ordinary shares of US\$0.1 each	650	650
20,000,000 (2015 – 20,000,000) 'Z' ordinary shares of US\$0.1 each	9,000	9,000
20,000,000 (2015 – 20,000,000) 'Z1' ordinary shares of US\$0.1 each	200	200
	<u>13,100</u>	<u>13,100</u>

'A' ordinary shares have voting rights attached to them, whereas 'E', 'Z' and 'Z1' ordinary shares do not.

### 18. Employee share scheme

1,794,000 (2014 - 1,794,000) of the company's issued E ordinary shares are held in two Trusts; Armajaro Holdings Limited Employee Share Trust (the 'Trust'), and the Armajaro Company Share Incentive Plan Trust ('CSIP Trust'). These shares were gifted to the Trust. In total 360,451 E ordinary shares have been transferred from the Trust to the CSIP Trust. No shares were transferred in the year (2014 - nil).

#### *Free shares*

No free shares were granted to employees from the CSIP Trust in the year (2014 - nil). No shares were forfeited by leavers (2014 – nil), and 9,127 shares were acquired from employees (2014 – 42,293). The number of shares in issue as at 31 December 2015 is 88,054 (2014 – 97,181). All shares must be held in the Trust under the CSIP Trust for a minimum of three years. If employees leave within the three year period their shares are forfeited 100% (leave within one year), 75% (leave within one and two years), 50% (leave within two and three years). The remaining portion of shares is repurchased by the Trust at the fair value on purchase date.

#### *Share options*

Options over E ordinary shares are exercisable at a price of £0.16, equal to the HM Revenue and Customs agreed fair value at grant date of the underlying shares. Details of share options granted over E ordinary shares are as follows:

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 18. Employee share scheme (continued)

	2015 No. share options	2014 No. share options
Outstanding at beginning of period	156,000	195,000
Share options exercised during the period	-	(39,000)
Share options forfeited during the period	-	-
Outstanding and exercisable at end of period	<u>156,000</u>	<u>156,000</u>

Details of share options granted over F ordinary shares are as follows:

	2015 No. share options	2014 No. share options
Outstanding at beginning of period	-	544,358
Share options exercised during the period	-	-
Share options forfeited during the period	-	(544,358)
Outstanding and exercisable at end of period	<u>-</u>	<u>-</u>

The vesting period for share options on F ordinary shares is three years and options are forfeited if the employee leaves the Armajaro group before the options vest. No options (2014 – none) were exercised in the period and no options (2014 – 544,358) were forfeited in the period. There is no charge to be recognised in the statement of comprehensive income (2014 – US\$nil).

### 19. Minority interests

	2015 US\$'000	2014 US\$'000
Opening minority interest	2,221	2,649
Change in minority shareholding in AAM	(2,201)	(428)
Closing minority interest	<u>20</u>	<u>2,221</u>

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 20. Financial instruments

In accordance with FRS 102, the Company has applied the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for the EU). Below is an analysis of the financial assets and liabilities into these categories.

	Notes	At fair value through P&L US\$'000	Loans and receivables US\$'000	Available for Sale US\$'000	Cash and Cash Equivalents US\$'000
<b>Financial assets – Group 2015</b>					
Stocks held for trading	(a)	817	-	-	-
Trade and other debtors	(b)	-	16,234	-	-
Derivative financial instruments	(c)	-	-	-	-
Other investments		-	1,438	3,723	-
Cash at bank and in hand		-	-	-	15,880
31 December 2015		817	17,672	3,723	15,880

### Financial assets – Group 2014

Stocks held for trading	(a)	849	-	-	-
Trade and other debtors	(b)	-	11,664	-	-
Derivative financial instruments	(c)	-	-	-	-
Other investments		-	1,998	6,007	-
Cash at bank and in hand		-	-	-	13,015
31 December 2014		849	13,662	6,007	13,015

- (a) Stocks held for trading is treated as financial assets and are fair valued.
- (b) Trade and other debtors principally comprise amounts due from counterparties in respect of physical commodity contracts.
- (c) Derivative financial instruments represent fair value gains on forward physical and futures commodity contracts.

The carrying value of financial assets recorded in the financial statements represents the maximum exposure to credit risk for both the group and the company. None of the financial assets are secured by collateral or other credit enhancements. The directors consider that the carrying amount of financial assets approximates to their fair value.

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 20. Financial instruments (continued)

	Notes	At fair value through P&L US\$'000	Loans and receivables US\$'000	Available for Sale US\$'000	Cash and Cash Equivalents US\$'000
<b>Financial assets – Company 2015</b>					
Trade and other debtors		-	26	-	-
Other investments		-	1,438	3,723	-
Cash at bank and in hand		-	-	-	2,090
31 December 2015		-	1,464	3,723	2,090

### Financial assets – Company 2014

Trade and other debtors	-	156	-	-
Other investments	-	1,998	6,007	-
Cash at bank and in hand	-	-	-	519
31 December 2014	-	2,154	6,007	519

	Notes	At fair value through P&L US\$'000	Amortised cost US\$'000
<b>Financial liabilities - Group 2015</b>			
<b>Amounts falling due within one year</b>			
Trade and other creditors	(d)	-	5,259
31 December 2015		-	5,259

### Financial liabilities - Group 2014

<b>Amounts falling due within one year</b>			
Trade and other creditors	(d)	-	3,382
31 December 2014		-	3,382

(d) Trade and other creditors principally comprise amounts due to counterparties in respect of amounts due under physical commodity contracts.

The directors consider that the carrying amount of financial liabilities approximates to their fair value.

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 20. Financial instruments (continued)

	At fair value through P&L US\$'000	Amortised cost US\$'000
<b>Financial liabilities - Company 2015</b>		
<b>Amounts falling due within one year</b>		
Trade and other creditors	-	52
31 December 2015	-	52
<b>Financial liabilities - Company 2014</b>		
<b>Amounts falling due within one year</b>		
Trade and other creditors	-	121
31 December 2014	-	121
<b>Gains and losses arising on financial instruments - Group</b>	<b>2015 US\$'000</b>	<b>2014 US\$'000</b>
Available for sale investments (recognised in equity)	75	273
Available for sale investments (recognised in profit and loss)	(171)	(144)
	(96)	129
<b>Gains and losses arising on financial instruments - Company</b>	<b>2015 US\$'000</b>	<b>2014 US\$'000</b>
Available for sale investments (recognised in equity)	75	273
Available for sale investments (recognised in profit and loss)	(171)	(144)
	(96)	129

## Armajaro Holdings Limited

### Notes to the accounts (continued) Year ended 31 December 2015

#### 20. Financial instruments (continued)

##### Maturity profile of financial liabilities – Group

The table below reflects the contractual maturities of the group's financial liabilities as at period end:

	Repayable on demand US\$'000	Due within 3 months US\$'000	Due between 3 months and 1 year US\$'000	Due between 1 year and 5 years US\$'000	Due after 5 years US\$'000	Total US\$'000
<b>2015</b>						
Trade and other creditors	-	-	5,259	-	-	5,259
<b>2014</b>						
Trade and other creditors	-	-	5,259	-	-	5,259

##### Maturity profile of financial liabilities – Company

The table below reflects the contractual maturities of the company's financial liabilities as at period end:

	Repayable on demand US\$'000	Due within 3 months US\$'000	Due between 3 months and 1 year US\$'000	Due between 1 year and 5 years US\$'000	Due after 5 years US\$'000	Total US\$'000
<b>2015</b>						
Trade and other creditors	-	-	52	-	-	52
<b>2014</b>						
Trade and other creditors	-	-	121	-	-	121

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Armajaro Holdings Limited

## Notes to the accounts (continued) Year ended 31 December 2015

### 20. Financial instruments (continued)

#### Fair value measurements recognised in the balance sheet

2015	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Available-for-sale financial assets</b>				
Hedge fund investments	-	3,723	-	3,723
<b>Total</b>	<b>-</b>	<b>3,723</b>	<b>-</b>	<b>3,723</b>

2014	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Available-for-sale financial assets</b>				
Hedge fund investments	-	6,007	-	6,007
<b>Total</b>	<b>-</b>	<b>12,334</b>	<b>-</b>	<b>12,334</b>

### 21. Financial commitments

Minimum lease payments under non-cancellable operating leases are as follows:

	2015		2014	
	Land and buildings US\$'000	Other US\$'000	Land and buildings US\$'000	Other US\$'000
<b>Group</b>				
- within one year	432	-	380	-
- between two and five years	1,727	-	-	-
- over five years	-	-	-	-
	<b>2,158</b>	<b>-</b>	<b>380</b>	<b>-</b>

	2015		2014	
	Land and buildings US\$'000	Other US\$'000	Land and buildings US\$'000	Other US\$'000
<b>Company</b>				
- within one year	432	-	380	-
- between two and five years	1,727	-	-	-
- over five years	-	-	-	-
	<b>2,158</b>	<b>-</b>	<b>380</b>	<b>-</b>

## **Armajaro Holdings Limited**

### **Notes to the accounts (continued)** **Year ended 31 December 2015**

#### **22. Related party transactions**

The group receives fee income from various funds under management. These funds have independent boards of directors, which demonstrates that the group and funds are free to pursue their own financial and operating policies, and as such, the funds are not considered to be a related party.

Key management personnel are considered to be the directors of the company. Key management personnel remuneration has been disclosed in note 7.

#### **23. Post balance sheet events**

There have been no significant events between the period end and the date of approval of these accounts which would require a change to or disclosure in the accounts.

#### **24. Controlling party**

Mr. A. Ward and Mr. R. Gower, directors of Armajaro Holdings Limited, jointly control the company as they control the majority of the issued share capital.