Renshaw Bay (UK) Limited

Registered Number: 07471504

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2012

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

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Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

Group Information

Directors

Lord Rothschild
J Rupert
W Winters

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants
7 More London
London
SE1 2RT

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Registered office

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

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

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 2012 The comparatives represent the results for the period from 16 December 2010 (date of incorporation) to 31 December 2011

Principal activities

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

The Group comprises the Company and 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 in which its founders (Reinet Fund S C A , F I S and RIT capital Partners plc) and other investors, may invest

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

Review of business

The results for the year and the financial position at the year end were considered satisfactory by the Directors and are in line with their expectations

The Directors are confident that the business will become profitable in the future

Given the nature and start-up phase of the business, the Directors' are of the opinion that analysis using key performance indicators is not necessary for understanding the development, performance and position of the business

Results for the year and dividends

The Group's loss after tax for the year amounted to £4,199,032 (2011 £877,520) The Company's loss after tax for the year amounted to £118,354 (2011 £11,780) The Directors do not recommend the payment of a dividend

Directors

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

Lord Rothschild
J Rupert
W Winters

Directors' indemnities

The Group and Company have made qualifying third party indemnity provisions for the benefit of the Company's Directors and the members of Renshaw Bay LLP, which were made during the year and 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

Charitable donation

During the year, the group made a charitable donation of £5,000 (2011 £Nil) to Child Victims of Crime, a registered charitable trust

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

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

By order of the board

W Winters
Director
19 April 2013

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 elected to prepare 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

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

We have audited the Group and parent company financial statements (the "financial statements") of Renshaw Bay (UK) Limited for the year ended 31 December 2012 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes The financial reporting framework that has been applied in the preparation of these consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the consolidated 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 Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinion, 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

Scope of the audit of the financial statements

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 parent 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 to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2012 and of the Group's loss and cash flows for the year then ended, and
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Jeremy Jensen

Jeremy Jensen (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 *April 2013*

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

Consolidated Statement of Financial Position

	Notes	2012	2011
		£	£
Assets			
Non-current assets			
Property, plant and equipment	5	694,250	26,297
Total non-current assets		**694,250**	**26,297**
Current assets			
Trade and other receivables	8	3,863,704	685,991
Cash and cash equivalents	7	5,263,216	2,641,398
Total current assets		**9,126,920**	**3,327,399**
Total assets		**9,821,170**	**3,353,686**
Liabilities			
Current liabilities			
Trade and other payables	9	1,857,721	361,205
Total current liabilities		**1,857,721**	**361,205**
Non-current liabilities			
Trade and other payables	9	120,000	50,000
Total non-current liabilities		**120,000**	**50,000**
Total liabilities	9	**1,977,721**	**411,205**
Equity			
Share capital	10	12,920,001	3,820,001
Retained earnings	11	(5,018,283)	(866,179)
Total equity attributable to owners of the parent company		**7,901,718**	**2,953,822**
Non-controlling interests in equity	12	(58,269)	(11,341)
Total equity		**7,843,449**	**2,942,481**
Total equity and liabilities		**9,821,170**	**3,353,686**

The financial statements were approved by the Board of Directors on 19 April 2013

W Winters
Director

The notes on pages 12 to 25 are an integral part of these consolidated financial statements

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

Company Statement of Financial Position

	Notes	2012	2011
		£	£
Assets			
Non-current assets			
Property, plant and equipment	5	561,966	-
Investments	6	11,470,000	3,770,000
Total non-current assets		**12,031,966**	**3,770,000**
Current assets			
Trade and other receivables	8	838,517	884
Cash and cash equivalents	7	339,430	44,837
Total current assets		**1,177,947**	**45,721**
Total assets		**13,209,913**	**3,815,721**
Liabilities			
Current liabilities			
Trade and other payables	9	420,046	7,500
Total current liabilities		**420,046**	**7,500**
Equity			
Share capital	10	12,920,001	3,820,001
Retained earnings	11	(130,134)	(11,780)
Total equity		**12,789,867**	**3,808,221**
Total equity and liabilities		**13,209,913**	**3,815,721**

The financial statements were approved by the Board of Directors on 19 April 2013

W Winters
Director

The notes on pages 12 to 25 are an integral part of these consolidated financial statements

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

Consolidated Statement of Comprehensive Income

	Notes	Year to 31 December 2012 £	Period to 31 December 2011 £
Revenue		758,485	-
Expenses			
Personnel expenses	14	(2,983,863)	(391,344)
General and administrative expenses	15	(1,899,625)	(482,970)
Depreciation and amortization	5	(80,740)	(3,909)
Total operating expenses		**(4,964,228)**	**(878,223)**
Finance income	17	6,711	703
Loss before income tax		**(4,199,032)**	**(877,520)**
Income tax expense	18	-	-
Total comprehensive loss for the year / period		**(4,199,032)**	**(877,520)**
<u>Attributable to</u>			
Owners of the parent		**(4,152,104)**	**(866,179)**
Non-controlling interest	12	**(46,928)**	**(11,341)**
Total comprehensive loss for the year/ period		**(4,199,032)**	**(877,520)**

The loss for the year / period is derived from continuing activities

There is no other comprehensive income for the year / period

The notes on pages 12 to 25 are an integral part of these financial statements

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

Consolidated Statement of Changes in Equity

Year to 31 December 2012

	Attributable to owners of the parent				
	Share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
Balance at 16 December 2010	-	-	-	-	-
Issue of share capital	3,820,001	-	3,820,001	-	3,820,001
Loss for the period	-	(866,179)	(866,179)	(11,341)	(877,520)
Balance as at 31 December 2011	3,820,001	(866,179)	2,953,822	(11,341)	2,942,481
Balance at 1 January 2012	3,820,001	(866,179)	2,953,822	(11,341)	2,942,481
Issue of share capital	9,100,000	-	9,100,000	-	9,100,000
Loss for the year	-	(4,152,104)	(4,152,104)	(46,928)	(4,199,032)
Balance as at 31 December 2012	12,920,001	(5,018,283)	7,901,718	(58,269)	7,843,449

The notes on pages 12 to 25 are an integral part of these financial statements

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

Consolidated Cash Flow Statement

	Notes	Year to 31 December 2012 £	Period to 31 December 2011 £
Cash flows from operating activities			
Cash utilised from operations	19	(5,805,654)	(1,199,100)
Net cash outflow due to operating activities		**(5,805,654)**	**(1,199,100)**
Cash flow from investing activities			
Purchase of fixed assets		(749,239)	(30,206)
Interest received		6,711	703
Net cash outflow from investing activities		**(742,528)**	**(29,503)**
Cash flows from financing activities			
Capital contributions received from shareholders		9,100,000	3,820,001
Capital contributions received from non-controlling interests		70,000	50,000
Net cash inflow from financing activities		**9,170,000**	**3,870,001**
Net increase in cash and cash equivalents		**2,621,818**	**2,641,398**
Cash and cash equivalents at beginning of the year/period		2,641,398	-
Cash and cash equivalents at the end of the year/period		**5,263,216**	**2,641,398**

The notes on pages 12 to 25 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 was authorised by the Financial Services Authority on 25 November 2011 to conduct investment activity

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 are set out below

2.1 Basis of presentation

The Group's consolidated financial statements for the year ended 31 December 2012 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 afforded under s408 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 the notes

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

Renshaw Bay LLP has changed its approach to the classification of members' capital and certain prior period balances have been reclassified to conform to the current year's classification The impact is not material

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 Note 7 shows in which item of the consolidated balance sheet cash and cash equivalents are included

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 2012

No standards, amendments and interpretations, which became effective in 2012, are relevant to the Group

Standards and interpretations issued but not yet effective

The following standards and interpretations that have been issued, but are not effective until future dates, are expected to be relevant to the Group

IAS 1 Presentation of items of Other Comprehensive Income – Amendments to IAS 1

The amendment to IAS 1 change the grouping of items presented in Other Comprehensive Income Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified The amendment affects presentation only and will have no impact on the Group's financial position or performance The amendment becomes effective for annual periods beginning on or after 1 July 2012

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27 Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group This standard becomes effective for annual periods beginning on or after 1 January 2013

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27, IAS 31 and IAS 28, which related to an entity's interests in subsidiaries, joint arrangements, associates and structured entities, as well as more extensive qualitative and quantitative disclosures to assist users of the financial statements to understand the following

- The effects of an entity's interests in other entities on its financial position, financial performance and cash flows, and
- The nature of, and the risks associated with, the entity's interests in other entities

IFRS 12 has no impact on the Group's financial position or performance This standard becomes effective for annual periods beginning on or after 1 January 2013

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected This standard becomes effective for annual periods beginning on or after 1 January 2013

Early adoption of standards

The Group did not adopt new or amended standards in 2012 that have yet to become effective

Notes to the Financial Statements (continued)

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 22)

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

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

The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances

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

Notes to the Financial Statements (continued)

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

Group companies

The subsidiary has the same functional currency as the Company

2 4 Revenue recognition

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

2.5 Interest received

Interest received is recognised on an accruals basis

2.6 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

2.7 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

2.8 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 9 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 20)

Notes to the Financial Statements (continued)

2.10 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

2.11 Investments

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

2.12 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

Notes to the Financial Statements (continued)

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 18)

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

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk

3.1 1 Foreign exchange risk

The Group's functional currency is Pounds Sterling and therefore takes on exposure to the effect of fluctuations in currencies other than Pounds Sterling which it transacts in The Group receives income and incurs expenses in currencies other than Pounds Sterling but the exposures are currently immaterial

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 possibility 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 and the Group does not currently consider it necessary to actively manage interest rate risk

3.2 Credit risk

Credit risk is the risk of suffering financial loss should the Group's customers, clients or counterparties fail to fulfil their contractual obligations to the Group 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 receivables are from related companies and individuals

Notes to the Financial Statements (continued)

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 2012, the Group held cash at bank amounting to £5,263,216 (2011 £2,641,398) and had financial liabilities of £1,857,721 (2011 £361,205) 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 shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

The Group currently has no external capital requirements but aims to maintain sufficient capital resources to support the Group's risk appetite and economic capital requirements Capital resources comprise issued share capital and reserves

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

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 2012	-	25,362	3,533	1,311	30,206
Additions during the year	509,699	163,143	38,905	37,492	749,239
Disposals during the year	-	-	-	(1,311)	(1,311)
Balance as at 31 December 2012	**509,699**	**188,505**	**42,438**	**37,492**	**778,134**
Accumulated depreciation					
Opening balance as at 1 January 2012	-	2,722	823	364	3,909
Charge for the year	43,939	26,470	6,524	3,807	80,740
Eliminated on disposal for the year	-	-	-	(765)	(765)
Balance as at 31 December 2012	**43,939**	**29,192**	**7,347**	**3,406**	**83,884**
Net book value at 31 December 2012	**465,760**	**159,313**	**35,091**	**34,086**	**694,250**
Net book value at 31 December 2011	-	22,640	2,710	947	26,297

Company	Leasehold improvements £	Computer equipment £	Office equipment £	Furniture and fixtures £	Total £
Cost					
Opening balance at 1 January 2012	-	-	-	-	-
Additions during the year	509,699	62,994	8,852	37,492	619,037
Balance as at 31 December 2012	**509,699**	**62,994**	**8,852**	**37,492**	**619,037**
Accumulated depreciation					
Opening balance as at 1 January 2012	-	-	-	-	-
Charge for the year	43,939	8,749	977	3,406	57,071
Balance as at 31 December 2012	**43,939**	**8,749**	**977**	**3,406**	**57,071**
Net book value at 31 December 2012	**465,760**	**54,245**	**7,875**	**34,086**	**561,966**
Net book value at 31 December 2011	-	-	-	-	-

6 Investments

Company	2012 £	2011 £
At 1 January 2012 / 16 December 2010	3,770,000	-
Additions	7,700,000	3,770,000
At 31 December	**11,470,000**	**3,770,000**

Notes to the Financial Statements (continued)

6 Investments (continued)

The investment represents the Company's capital interest in its UK subsidiary undertaking, Renshaw Bay LLP, in which it acts as the Managing Member and holds 98 96% (2011 98 69%) of the voting rights The subsidiary's principal activity is the provision of investment management and advisory services

7 Cash and cash equivalents

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

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Cash at bank	5,263,216	339,430	2,641,398	44,837
Total cash and cash equivalents	**5,263,216**	**339,430**	**2,641,398**	**44,837**

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

8 Trade and other receivables

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Amounts due from Renshaw Bay Ltd	5,673	1	5,001	1
Amounts due from Renshaw Bay LLP	-	-	-	883
Amounts due from Renshaw Bay GP1 Limited	227	-		
Other receivables	3,439,322	751,529	664,050	-
Prepayments and accrued income	418,482	86,987	16,940	-
Total trade and other receivables	**3,863,704**	**838,517**	**685,991**	**884**

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

9 Trade and other payables

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Current				
Amounts due to Renshaw Bay LLP	-	7,739	-	-
Trade payables	272,455	76,528	58,732	-
Other payables	34,989	14,955	276	-
Other taxes and social security costs	104,340	-	5,069	-
Accrued expenses	1,445,937	320,824	297,128	7,500
	1,857,721	**420,046**	**361,205**	**7,500**
Non-current				
Other payables	120,000	-	50,000	-
	120,000	**-**	**50,000**	**-**
Total trade and other payables	**1,977,721**	**420,046**	**411,205**	**7,500**

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

Notes to the Financial Statements (continued)

10 Share capital

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Allotted, called up and fully paid				
12,920,001 (2011 3,820,001) ordinary shares of £1 each	**12,920,001**	**12,920,001**	**3,820,001**	**3,820,001**

On 25 January 2012, 1,900,000 ordinary shares of £1 each were allotted and issued On 11 May 2012, a further 4,000,000 shares were allotted and issued On 11 October 2012, a further 3,200,000 shares were allotted and issued Consideration in cash was received in full for these issues of shares

The purpose of the share issues was to provide working capital for the company

11 Retained earnings

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
At 1 January 2012 / 16 December 2010	(866,179)	(11,780)	-	-
Loss for the year / period	(4,152,104)	(118,354)	(866,179)	(11,780)
At 31 December	**(5,018,283)**	**(130,134)**	**(866,179)**	**(11,780)**

12 Non-controlling interests

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

Group	2012 £	2011 £
At 1 January 2012 / 16 December 2010	(11,341)	-
Share of loss for the year / period	(46,928)	(11,341)
At 31 December	**(58,269)**	**(11,341)**

13 Directors' emoluments

The directors did not receive or waive any remuneration in respect of services provided to the Group during the period

14 Personnel expenses

Group	Year ended 31 December 2012 £	Period ended 31 December 2011 £
Wages and salaries	1,865,198	120,499
Social security costs	281,983	15,897
Other staff costs	836,682	254,948
Total personnel expenses	**2,983,863**	**391,344**
The monthly average number of employees during the year / period (excluding directors)	10	1

Notes to the Financial Statements (continued)

15 General and administrative expenses

	Year ended 31 December 2012	Period ended 31 December 2011
Group	**£**	**£**
Property expenses	716,087	60,754
Office expenses	67,241	10,476
Travel and entertainment	314,147	23,333
IT systems and market data	210,023	27,403
Legal and professional	330,722	359,782
Royalties	250,000	-
Other expenses	11,405	1,222
Total general and administrative expenses	**1,899,625**	**482,970**

16 Operating loss

The following items have been included in arriving at operating loss

	Year ended 31 December 2012	Period ended 31 December 2011
Group	**£**	**£**
Operating lease rentals (including rates and service charges) payable on property	427,391	60,373
Auditors' remuneration		
-fees payable to the auditors for the audit of the parent company and consolidated financial statements	8,039	5,000
-fees payable to the auditors for the audit of the subsidiary financial statements	24,039	25,000
-fees payable to the auditors for other services – tax services	41,267	60,441
-fees payable to the auditors for other services – regulatory services	4,000	-
Depreciation	80,740	3,909
Foreign exchange losses	1,935	725

17 Finance income

	Year ended 31 December 2012	Period ended 31 December 2011
	£	**£**
Interest received	6,711	703
Total finance income	**6,711**	**703**

Notes to the Financial Statements (continued)

18 Tax expense

Group	**Year ended 31 December 2012 £**	**Period ended 31 December 2011 £**
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 24 5% (2011 small profit rate of 20%) The differences are explained below

	Year ended 31 December 2012 £	**Period ended 31 December 2011 £**
Loss before corporation tax	(4,199,032)	(877,520)
Tax calculated at standard corporation tax rate in the UK of 24 5% (2011 small profit rate of 20%)	(1,028,763)	(175,504)
Effects of		
Expenses not deductible for tax purposes	32,210	24,603
Depreciation in excess of capital allowances	18,499	-
Capital allowances in excess of depreciation	-	(574)
Tax losses for which no deferred income tax asset was recognised	966,724	145,396
Losses attributable to non-controlling interests	11,330	6,079
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

Legislation in the Finance Bill 2013 will reduce the main rate of corporation tax from 1 April 2014 to 21% and to 20% from 1 April 2015 but these changes have not been substantively enacted at the balance sheet date, and therefore have not been included in these financial statements

19 Cash utilised from operations

	Year ended 31 December 2012 £	**Period ended 31 December 2011 £**
Loss before income tax	(4,199,032)	(877,520)
Adjustments for		
- finance income	(6,711)	(703)
- depreciation	80,740	3,909
- loss on disposal of property, plant and equipment	546	
Changes in working capital		
- trade and other receivables	(3,177,713)	(685,991)
- trade and other payables	1,496,516	361,205
Cash utilised from operations	**(5,805,654)**	**(1,199,100)**

Notes to the Financial Statements (continued)

20 Commitments

Capital commitments

At 31 December 2012, the Group was not committed to any capital expenditure

Operating lease commitments

During the year, the Group entered into a lease agreement for new premises This lease expired on 31 August 2012 and there were no outstanding amounts due with respect to this lease at the year end

During the year, the Group terminated a lease agreement which was due to expire on 31 March 2016 There were no outstanding amounts due with respect to this lease at year end (2011 £6,728, which represented one month's notice period)

During the year, the Group entered into a non-cancellable operating lease arrangement for new premises The lease expires on 28 May 2022 subject to a break clause at any time after 28 May 2017 The Partnership has future minimum lease payments under an operating lease as follows

Property	0 – 1 year	1 – 5 years	> 5 years	Total
	£	£	£	£
At 31 December 2012	447,233	2,037,392	Nil	2,484,625
At 31 December 2011	6,728	Nil	Nil	6,728

The above analysis for 31 December 2012 represents future cash flow obligations arising from property lease arrangements which differ from the amounts expensed in the profit and loss account due to an amount equivalent to a 10 month rent-free period being amortised over the duration of the lease period

21 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 incurred expenses on behalf of Renshaw Bay Ltd in the amount of £672 (2011 £5,001) At the year end £5,673 (2011 £5,001) was still owed to the Group

Renshaw Bay GP1 Limited, an entity incorporated in Guernsey, 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 GP1 in the amount of £227 (2011· £Nil) At the year end this amount was still owed to the Group

W Winters, a director of the company and designated member of Renshaw Bay LLP, was also a non-executive director of RIT Capital Partners plc, a company incorporated in England and Wales, until his resignation during the year During the year, Renshaw Bay LLP held an operating lease for property with RIT Capital Partners plc and were charged £86,066 (2011 £60,373) in respect of rent and rates for the property

22 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, Ogier House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA

Renshaw Bay (UK) Limited
Company Number 07471504
For the year ended 31 December 2012

Notes to the Financial Statements (continued)

23 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%	98 96%

24 Approval of financial statements

The financial statements were authorised for issue on 19 April 2013 by the board of directors