

Company Registration No. 08174467

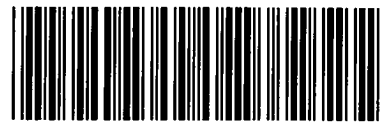
Incorporated in Great Britain and registered in England and Wales

Sciens Group Risk Services Limited

Report and Financial Statements

For the year ended 31 December 2016

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Sciens Group Risk Services Limited

REPORT AND FINANCIAL STATEMENTS 2016

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Sciens Group Risk Services Limited

REPORT AND FINANCIAL STATEMENTS 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

John P. Rigas (Chief Executive)
Robert Botero

SECRETARY

Chris Meyering

REGISTERED OFFICE

25 Berkeley Square
London W1J 6HN

BANKERS

Coutts & Co
440 Strand
London WC2R 0QS

AUDITOR

KPMG LLP
15 Canada Square
London E14 5GL

Sciens Group Risk Services Limited

STRATEGIC REPORT

To the members of Sciens Group Risk Services Limited

Cautionary Statement

This cautionary statement has been prepared solely to provide additional information to shareholders to assess the company's strategies and the potential for those strategies to succeed.

The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing the Strategic report, has complied with s414 of the Companies Act 2006.

Business Model

The principal activity of Sciens Group Risk Services Limited ("the Company") is the provision of risk advisory services.

A fair review of the business

The year ended 31 December 2016 was a consolidation period for the Company from an operational perspective following the restructuring implemented in 4Q15 and 1Q16. From an investment point of view, it was another challenging year for hedge funds and fund of funds; although a number of our individual managed account strategies performed positively in 2016. The property lease for our London offices came to an end in March 2017 after a seven-year tenancy. In February 2017 the Company secured premises of equivalent quality, but more akin to our business needs and staff levels. This new lease will run to February 2021 and represents a significant saving for the Group when compared to the current arrangement.

The Company's advisory business has, for some time, focused on finding outstanding early-stage alternative managers. Our relationship with such managers ranges from providing basic access to investors through our marketing capabilities to supplying them with full back and middle office services through our investment platforms in Guernsey, Ireland and Delaware. These efforts have been accompanied by continued improvements of our managed account risk and technology engines. Work has continued in sourcing and working with early stage talent alternative managers to make use of our investment and risk monitoring infrastructure. This offering of providing risk services has also been extended to internally developed products where it is expected that, following launch, these services will accrue to several Group Companies.

The profit before tax for the year was £22,136 (2015: £3,494).

Principal risks and uncertainties

The Company operates in the financial services sector as a risk advisor, principally on fund of hedge funds and hedge fund portfolios. As such, it views the effects of adverse market movements on the performance of the clients it advises, and associated loss of assets under advice, as its principal business risk. The Company continuously monitors this risk.

Financial risk management objectives

The Company's activities expose it to limited financial risks, for which the Directors deems the use of financial derivatives unnecessary, and the Company does not use derivative financial instruments for speculative purposes. Its main risk is credit risk: the Company's principal financial assets are trade and other debtors. There is almost no history of bad debts due to the nature of the Company's clients, and the Directors deems that no allowances for impairment are required against current debtors. There is also no significant concentration of credit risk.

The Company has limited foreign currency risk (relating to any foreign currency debtor balances). Such exposures are continually monitored. As the Company does not hold any investments, it is not exposed directly to market or price risk and aims to keep sufficient liquid resources to cover its financial resources requirement, thus mitigating liquidity risk.

STRATEGIC REPORT (Continued)

Going Concern

The Directors have considered whether the Company has adequate resources to continue in operational existence for the foreseeable future. In completing this assessment, the Directors have taken into account the reliance on the continued financial and trading support from Sciens Fund of Funds Management Holdings Limited ("Parent Company") and, as a result, the Directors are required to assess the going concern status of the Company together with its Parent Company and its Parent Company's subsidiaries (together "Group"). In completing this assessment, the Directors have considered:

- The Company's current position with an assessment of the future prospects of the Company and operating performance over a period to 30 June 2018 (i.e. more than 12 months from the date of approval of these financial statements);
- The fact that the other Group Companies act as joint guarantors to a Term Loan (the "Term Loan") agreement between its parent Company, Sciens Fund of Funds Management Holdings Limited ("Parent Company") and Piraeus Bank S.A. (the "Bank"). As a result, the Directors are required to assess the going concern status of the Company together with its Parent Company and its Parent Company's subsidiaries (together "Group").

The Group has entered into discussions with the Bank in relation to restructuring the Term Loan with a view to the repayment of \$2.47 million on the Term Loan being deferred to 31 March 2020. Management are confident that a successful renegotiation of the Term Loan can be achieved. The Group has a long history of co-operation, and a good working relationship with the Bank and the repayment terms on these facilities have been successfully renegotiated in the past.

No call has been made by the Bank under the Group's guarantee as at the date of signing of these financial statements. It is the Directors belief that the restructuring will be successful and a revised repayment plan will be put in place. The Parent Company services the Term Loan through dividends received from its subsidiaries including the Company.

The sensitised business plan (referred to below) has assumed a successful renegotiation of the Term Loan, and capital injections of up to \$700,000. Should this not be the case, a material uncertainty would exist over the Company's ability to continue as a going concern notwithstanding the potential remediation steps outlined below.

Going concern – cash flow projections

The Directors and management of the Company, together with the Group's Management, have reviewed the going concern status of the Group based on its cash flow projections under both its strategic base case and sensitised business plan.

The strategic base case is a four-year business plan of the Group and assumes significant growth in Assets Under Management ("AUM") from its current base, generating adequate net cash flows in the period of the plan provided the Term Loan is deferred to 31 March 2020. The Company and Group have revenue sources which are medium to long term in nature and are primarily dependent on the level of AUM.

In their assessment of going concern of the Company and Group, Management have prepared a sensitised business plan over the period to 30 June 2018 (i.e. more than 12 months from the date of approval of these financial statements). The sensitised business plan assumes a worst case scenario of minimal growth in new AUM, no performance fee generated from AUM, and a steady fall in the AUM of the Group's managed funds currently in a managed wind down process. The sensitised business plan results in a cash surplus in the period from 1 January 2017 to 30 June 2018.

The key assumptions of the sensitised business plan are as follows:

- Successful renegotiation of the Term Loan repayment terms to a repayment date of 31 March 2020;
- AUM for ongoing portfolios continues with minimal growth. It is assumed that side-pocketed and closing funds continue their managed reduction in line with current schedules;
- Across the fund of fund and managed account platform businesses and advisory portfolios, we have assumed no performance fees;

STRATEGIC REPORT (Continued)

Going concern – cash flow projections (continued)

- The Group remains a highly scalable business and, given our expectation of future growth in AUM, we are keen wherever possible to maintain a sensible level of staffing and no further reduction in headcount has been considered. If the Group experiences a material divergence from budgeted performance during 2017, then we would consider further savings;
- Other general expenses planned for 2017, with the exception of an office move for one of the Group Companies, are in line with that achieved in 2016, although are adjusted for non-recurring costs.
- In the event of worst case scenario, additional capital injections of up to \$700,000 would be made to the Group from the ultimate controlling party, John Rigas.

Group Management have considered the remedies that would be available to them to mitigate the material uncertainties surrounding the Group's ability to continue as a going concern. The principal remedy includes the renegotiation of the existing Term Loan as noted above.

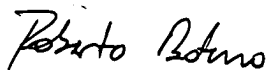
If no new business were to emerge in the first 9 months of 2017, more substantial cuts to overheads than outlined above would be put into place in order to adjust the cost base of the business to a lower level of AUM. In addition, the ultimate controlling party, as disclosed in note 15, has provided assurances that additional capital would be introduced into the business to cover any cash shortfall that may arise.

GOING CONCERN – conclusion

The sensitised business plan, adjusted on the assumption of additional capital injections totalling \$700,000 and the successful renegotiation of the repayment terms of the Term Loan, results in a cash surplus to 30 June 2018; the capital injections would be reduced in line with any overhead restructure savings. On this basis, the Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and has therefore, continued to adopt the going concern basis of accounting in preparing the annual financial statements.

Approval

This Report was approved by the Board Directors on 25 April 2017 and signed by:



Roberto Botero
Director
2 May 2017

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

DIVIDENDS

For the year ended 31 December 2016, no dividend was paid (2015: £nil).

CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 10. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the company.

DIRECTORS

The directors of the company during the year were:

John P. Rigas
Roberto Botero

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with the UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITOR

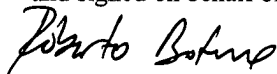
Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a director in order to make themselves 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 provision of s418 of the Companies Act 2006.

KPMG LLP has expressed its willingness to continue in office as auditor

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



Roberto Botero
Director
2 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCIENS GROUP RISK SERVICES LIMITED

We have audited the financial statements of Sciens Group Risk Services Limited for the year ended 31 December 2016 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation are the UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at 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 company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

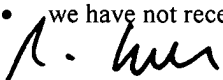
Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. Within the Group other companies act as joint guarantors on certain borrowings of fellow Group companies. A restructuring of those borrowings is under negotiation to defer repayments to 31 March 2020. The Directors of the Company have reviewed the Group's cash flow projections over the period to 30 June 2018 under both its strategic base case and sensitised business plan. Neither case shows the Group being able to meet the current repayments schedules without a successful renegotiation of the borrowings payments to 31 March 2020. However, these factors together with those detailed in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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


Ravi Lamba (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL

2/5/17

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

| | Notes | 2016 £ | 2015 £ |
|--|--------|-----------|-----------|
| Turnover | 1,3,14 | 304,730 | 552,516 |
| Operating expenses | | (282,594) | (549,022) |
| OPERATING PROFIT | 2 | 22,136 | 3,494 |
| Interest receivable and similar income | | - | - |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 22,136 | 3,494 |
| Tax charge on profit on ordinary activities | 6 | (3,985) | (1,032) |
| PROFIT FOR THE FINANCIAL YEAR | 11 | 18,151 | 2,462 |
| Other comprehensive income for the year | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 18,151 | 2,462 |

All results are derived from continuing operations.

The accompanying notes on pages 11 to 19 form an integral part of these Financial Statements.

Sciens Group Risk Services Limited

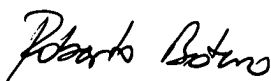
STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

| | Notes | 2016 £ | 2015 £ |
|---|-------|-----------|-----------|
| FIXED ASSETS | | | |
| Property, plant and equipment | | 1,406 | 2,220 |
| CURRENT ASSETS | | | |
| Cash | | 31,099 | 33,868 |
| Debtors due in less than one year | 8 | 231,935 | 303,715 |
| | | 263,034 | 337,583 |
| CREDITORS: amounts falling due within one year | 9 | (104,549) | (198,063) |
| NET CURRENT ASSETS | | 158,486 | 139,520 |
| NET ASSETS | | 159,891 | 141,740 |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 10 | 160,001 | 160,001 |
| Profit and loss account – deficit | 11 | (110) | (18,261) |
| SHAREHOLDERS' FUNDS | | 159,891 | 141,740 |

The accompanying notes on pages 11 to 19 form an integral part of these Financial Statements.

The financial statements of Sciens Group Risk Services Limited were approved by the Directors and authorised for issue on 25 April 2017.

Signed on behalf of the Board by:



Roberto Botero

Director

2 May 2017

Company Registration No. 08174467

Sciens Group Risk Services Limited**STATEMENT OF CHANGES IN EQUITY****As at 31 December 2016**

| | Share Capital | Retained Earnings | Total |
|---|---------------|-------------------|----------|
| | £ | £ | £ |
| Balance at 1 January 2015 | 1 | (20,723) | (20,722) |
| Shares issued in the year | 160,000 | - | 160,000 |
| Total comprehensive profit for the period | - | 2,462 | 2,462 |
| Balance at 31 December 2015 | 160,001 | (18,261) | 141,740 |
| Shares issued in the year | - | - | - |
| Total comprehensive profit for the year | - | 18,151 | 18,151 |
| Balance at 31 December 2016 | 160,001 | (110) | 159,891 |

The accompanying notes on pages 11 to 19 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

| | 2016 | 2015 |
|--|---------------------|-----------------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Profit before tax for the financial year | 22,136 | 3,494 |
| <i>Adjustments for</i> | | |
| Depreciation in property, plant and equipment | 814 | 434 |
| Bank interest received | - | - |
| Bank interest paid | - | - |
| | <hr/> | <hr/> |
| | 22,950 | 3,928 |
| Decrease in debtors | 67,795 | 94,545 |
| Decrease in creditors | (93,514) | (221,951) |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | <hr/> (2,769) <hr/> | <hr/> (123,478) <hr/> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | - | (2,654) |
| Interest received | - | - |
| | <hr/> | <hr/> |
| Net cash generated from investing activities | <hr/> - <hr/> | <hr/> (2,654) <hr/> |
| Cash flows from financing activities | | |
| Proceeds from/issue of share capital | - | 160,000 |
| | <hr/> | <hr/> |
| Net cash generated from financing activities | <hr/> - <hr/> | <hr/> 160,000 <hr/> |
| Net increase in cash and cash equivalents | (2,769) | 33,868 |
| Cash and cash equivalents at the beginning of the year | 33,868 | - |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of year | <hr/> 31,099 <hr/> | <hr/> 33,868 <hr/> |

The accompanying notes on pages 11 to 19 form an integral part of these Financial Statements.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES

Statutory information

Sciens Group Risk Services Limited is a company limited by shares and incorporated and domiciled in the UK, registration number 08174467. The registered office is 25 Berkeley Square, London W1J 6HN.

Compliance with accounting standards

The financial statements were prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard applicable to the UK and Republic of Ireland* ("FRS102").

The presentation currency of these financial statements is sterling.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents advisory fees receivable during the period, net of value added tax, and expenses recharged to related companies. Turnover is recognised as the fees become due.

Interest receivable and payable

Interest receivable and payable is recognised on an accruals basis.

Tangible fixed assets

Tangible assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation on tangible fixed assets is provided at rates estimated to write off the cost, less estimated residual value as follows:

Office equipment 3 years

Translation of foreign currencies

Transactions in foreign currencies have been translated at the average rate for the month of the transaction. 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.

Monetary assets and liabilities in foreign currencies have been translated at the rate ruling at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances, bank overdrafts and cash held by the Company.

Trade debtors

Trade debtors are stated at their nominal value and reduced by the appropriate allowances for estimated irrecoverable amounts.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

Current Taxation

Current tax, including UK corporation tax, is recorded at amounts expected to be recovered or paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is provided in full on timing differences that 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 they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Deferred tax assets and liabilities are not discounted.

Basis of preparation – Going Concern

The Directors have considered whether the Company has adequate resources to continue in operational existence for the foreseeable future. In completing this assessment, the Directors have taken into account the reliance on the continued financial and trading support from Sciens Fund of Funds Management Holdings Limited (“Parent Company”) and, as a result, the Directors are required to assess the going concern status of the Company together with its Parent Company and its Parent Company’s subsidiaries (together “Group”). In completing this assessment, the Directors have considered:

- The Company’s current position with an assessment of the future prospects of the Company and operating performance over a period to 30 June 2018 (i.e. more than 12 months from the date of approval of these financial statements);
- The fact that the other Group Companies act as joint guarantors to a Term Loan (the “Term Loan”) agreement between its parent Company, Sciens Fund of Funds Management Holdings Limited (“Parent Company”) and Piraeus Bank S.A. (the “Bank”). As a result, the Directors are required to assess the going concern status of the Company together with its Parent Company and its Parent Company’s subsidiaries (together “Group”).

The Group has entered into discussions with the Bank in relation to restructuring the Term Loan with a view to the repayment of \$2.47 million on the Term Loan being deferred to 31 March 2020. Management are confident that a successful renegotiation of the Term Loan can be achieved. The Group has a long history of co-operation, and a good working relationship with the Bank and the repayment terms on these facilities have been successfully renegotiated in the past.

No call has been made by the Bank under the Group’s guarantee as at the date of signing of these financial statements. It is the Directors belief that the restructuring will be successful and a revised repayment plan will be put in place. The Parent Company services the Term Loan through dividends received from its subsidiaries including the Company.

The sensitised business plan (referred to below) has assumed a successful renegotiation of the Term Loan, and capital injections of up to \$700,000.

Going concern – cash flow projections

The Directors and management of the Company, together with the Group’s Management, have reviewed the going concern status of the Group based on its cash flow projections under both its strategic base case and sensitised business plan.

The strategic base case is a four-year business plan of the Group and assumes significant growth in Assets Under Management (“AUM”) from its current base, generating adequate net cash flows in the period of the plan provided the Term Loan is deferred to 31 March 2020. The Company and Group have revenue sources which are medium to long term in nature and are primarily dependent on the level of AUM.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

Going concern – cash flow projections(Continued)

In their assessment of going concern of the Company and Group, Management have prepared a sensitised business plan over the period to 30 June 2018 (i.e. more than 12 months from the date of approval of these financial statements). The sensitised business plan assumes a worst case scenario of minimal growth in new AUM, no performance fee generated from AUM, and a steady fall in the AUM of the Group's managed funds currently in a managed wind down process. The sensitised business plan results in a cash surplus in the period from 1 January 2017 to 30 June 2018.

The key assumptions of the sensitised business plan are as follows:

- Successful renegotiation of the Term Loan repayment terms to a repayment date of 31 March 2020;
- AUM for ongoing portfolios continues with minimal growth. It is assumed that side-pocketed and closing funds continue their managed reduction in line with current schedules;
- Across the fund of fund and managed account platform businesses and advisory portfolios, we have assumed no performance fees;
- The Group remains a highly scalable business and, given our expectation of future growth in AUM, we are keen wherever possible to maintain a sensible level of staffing and no further reduction in headcount has been considered. If the Group experiences a material divergence from budgeted performance during 2017, then we would consider further savings;
- Other general expenses planned for 2017, with the exception of an office move for one of the Group Companies, are in line with that achieved in 2016, although are adjusted for non-recurring costs.
- In the event of worst case scenario, additional capital injections of up to \$700,000 would be made to the Group from the ultimate controlling party, John Rigas.

Group Management have considered the remedies that would be available to them to mitigate the material uncertainties surrounding the Group's ability to continue as a going concern. The principal remedy includes the renegotiation of the existing Term Loan as noted above.

If no new business were to emerge in the first 9 months of 2017, more substantial cuts to overheads than outlined above would be put into place in order to adjust the cost base of the business to a lower level of AUM. In addition, the ultimate controlling party, as disclosed in note 15, has provided assurances that additional capital would be introduced into the business to cover any cash shortfall that may arise.

GOING CONCERN – conclusion

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore the company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above - specifically the sensitised business plan, adjusted on the assumption of additional capital injections totalling \$700,000, and the successful renegotiation of the repayment terms of the Term Loan, which would result in a cash surplus to 30 June 2018 - the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2016 | 2015 |
|--|----------------|----------------|
| Loss on ordinary activities before taxation is stated after: | £ | £ |
| Depreciation | 814 | 434 |
| Auditor's remuneration | | |
| - Audit fees for audit of the Company | 15,000 | 15,000 |
| - Taxation services (non-audit services) | 9,167 | 5,000 |
| Profit on currency translation | 41,402 | (11,709) |
| Staff costs (note 4) | <u>180,563</u> | <u>464,459</u> |

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

3. GEOGRAPHICAL SPLIT OF TURNOVER

| | 2016 | 2015 |
|--|----------------|----------------|
| | £ | £ |
| Turnover derives from the following locations: | | |
| Guernsey | 65,630 | 160,701 |
| United States | - | 73,093 |
| Ireland | 147,982 | 97,202 |
| United Kingdom | 91,118 | 221,520 |
| | <u>304,730</u> | <u>552,516</u> |

4. STAFF COSTS

The average number of staff employed by the company during the period was 2 (2015: 4).

| | 2016 | 2015 |
|---|----------------|----------------|
| | £ | £ |
| Employee costs during the period amounted to: | | |
| Wages and salaries | 153,158 | 423,123 |
| Pension | 5,000 | - |
| Social security costs | 22,405 | 41,336 |
| | <u>180,563</u> | <u>464,459</u> |

5. DIRECTORS' REMUNERATION

None of the directors received remuneration from the Company (2015: £nil).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2016 | 2015 |
|--|--------------|----------------|
| | £ | £ |
| Analysis of tax charge/(credit) for the period | | |
| <i>Current tax</i> | | |
| UK Corporation tax @20% (2015: 20.25%) | - | - |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 3,763 | 629 |
| Adjustments in respect of prior periods | - | (113) |
| Effect of changes in tax rates | 222 | 516 |
| Total deferred tax charge/(credit) | <u>3,985</u> | <u>1,032</u> |
| Tax on profit on ordinary activities | <u>3,985</u> | <u>1,032</u> |
| <i>Provision for deferred tax</i> | | |
| Accelerated capital allowances | 239 | (78) |
| Tax losses carried forward and other deductions | <u>(262)</u> | <u>(3,930)</u> |
| Total deferred tax asset | <u>(23)</u> | <u>(4,008)</u> |
| <i>Movement in provision:</i> | | |
| Provision at start of period | (4,008) | (5,040) |
| Deferred tax charged in the Profit and loss account for the period | <u>3,985</u> | <u>1,032</u> |
| Provision at end of period | <u>(23)</u> | <u>(4,008)</u> |

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Reconciliation of tax charge | | |
| Profit of ordinary activities before tax | 22,137 | 3,494 |
| Tax on profit at standard UK tax rate of 20.25% (2015: 21.49%) | 4,427 | 707 |
| <i>Effects of:</i> | | |
| Adjustments to tax charge in respect of prior periods – deferred tax | - | (113) |
| Adjust closing deferred tax to average rate of 20.25% | - | 500 |
| Adjust opening deferred tax to average rate of 20.25% | - | (64) |
| Adjust opening deferred tax to average rate of 20% | (442) | |
| Non-deductible expenses | - | - |
| Effect of changes in tax rates | - | - |
| Rounding difference | - | 2 |
| Tax charge/(credit) for the period | 3,985 | 1,032 |

A deferred tax asset of £23 (2015: £4,008) in respect of carried forward trading losses has been recognised.

7. PROPERTY, PLANT AND EQUIPMENT

| | Office equipment £ |
|-----------------------|--------------------------|
| Cost | |
| At 1 January 2016 | 2,654 |
| Additions | - |
| Disposals | - |
| At 31 December 2016 | 2,654 |
| Depreciation | |
| At 1 January 2016 | 434 |
| Charge for the year | 814 |
| Disposals | - |
| At 31 December 2016 | 1,248 |
| Net book value | |
| At 31 December 2016 | 1,406 |
| At 31 December 2015 | 2,220 |

8. DEBTORS DUE IN LESS THAN ONE YEAR

| | 2016 £ | 2015 £ |
|--------------------------------------|-----------|-----------|
| Trade debtors | - | 3,600 |
| Prepayments | 2,683 | 6,270 |
| Amounts owed by associated companies | 228,383 | 287,835 |
| Deferred taxation | 23 | 4,008 |
| Other debtors | 846 | 2,002 |
| | 231,935 | 303,715 |

The fair values of the above debtors are materially equal to their carrying values.

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 | 2015 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | - | 136 |
| Amounts due to associated companies | 65,454 | 169,699 |
| Accruals | 39,095 | 28,228 |
| | <u>104,549</u> | <u>198,063</u> |

The fair values of the above creditors are materially equal to their carrying values.
Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

10. CALLED UP SHARE CAPITAL

| | 2016 | 2015 |
|---|----------------|----------------|
| | £ | £ |
| Called up, allotted and fully paid | | |
| 160,001 ordinary share of £1 each | <u>160,001</u> | <u>160,001</u> |

On 28 January 2015 160,000 shares with an aggregate nominal value of £160,000 ordinary share were allotted for an aggregate consideration of £160,000.

11. RESERVES

| | Profit & loss account £ |
|-------------------------------|----------------------------------|
| At 1 January 2016 | (18,261) |
| Profit for the financial year | <u>18,151</u> |
| At 31 December 2016 | <u>(110)</u> |

12. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern, whilst maximising the return to its shareholder. As of 31 December 2016, the capital structure of the Company consisted of cash and equity, which comprised issued share capital and accumulated reserves. The Company had no borrowings at 31 December 2016 (2015: £nil).

Market Risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to a change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. At 31 December 2016, the Company was not directly exposed to market price risk. As such no fair value hierarchy has been prepared.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company holds certain financial assets and liabilities denominated in currencies other than the UK Pound Sterling, the functional currency of the Company. The Company is therefore exposed to currency risk, as the value of those financial instruments will fluctuate due to changes in exchange rates.

The carrying amount of the Company's foreign currency exposure at the reporting date is as follows:

| | 2016 | | | 2015 | | |
|------|---------|-------------|-------------------------------|---------|-------------|-------------------------------|
| | Assets | Liabilities | Net Foreign currency exposure | Assets | Liabilities | Net Foreign currency exposure |
| | £ | £ | £ | £ | £ | £ |
| USD | 115,360 | - | 115,360 | 5,470 | - | 5,470 |
| Euro | 40,943 | - | 40,943 | 134,202 | - | 134,202 |

The following table details the Company's sensitivity to a 10% strengthening of the reporting currency against each of the relevant foreign exchange currencies. 10% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and liabilities and adjusts their translation at the year end for a 10% change in foreign currency rates. A 10% weakening of the reporting currency would have an equal but opposite effect.

Decrease in net assets attributable to shareholders:

| | 2016 | 2015 |
|------|---------------|---------------|
| | £ | £ |
| USD | 11,536 | 547 |
| Euro | 4,094 | 13,420 |
| | <u>15,630</u> | <u>13,967</u> |

Interest Rate Risk

Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

All the Company's bank and cash balances are held in call accounts with a floating rate of interest. The majority of the Company's other assets and liabilities, including amounts due to/from group companies, do not bear any interest. As a result, the Directors believe there is no significant or material exposure to interest rate risk.

Credit Risk

Credit risk is the risk that a counterparty fails to meet its obligation.

The Company faces credit risk due to the cash balances held with the Company's main banker Coutts & Co £31,099 (2015: £33,868), and due to its fee and other debtors £235,145 (2015: £303,715). The Directors monitor the Company's exposure to the above risks on a regular basis to ensure that they are in accordance with their planned exposure. In terms of fee and other debtors, much of this amount is due from the Company's Parent Company's subsidiaries, Sciens Capital Limited and Sciens Group Fund Services, and Group Management control intercompany funding on a daily basis. There are no amounts past due or impaired.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Company has insufficient financial resources to enable it to meet its obligations as they fall due.

The Company's liquidity position is monitored on a regular basis by the Directors. A summary table with maturity of financial liabilities is presented below and is used to manage liquidity risks.

These are contractual undiscounted cash flows.

Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the Statement of financial positions as the impact of discounting is not significant.

| | Demand and less than 1 month £ | 1 to 3 months £ | More than 3 months £ | Total £ |
|-------------------------------------|---|-----------------------|-------------------------------|----------------|
| As at 31 December 2016 | | | | |
| Trade creditors | - | - | - | - |
| Amounts due to associated companies | 65,454 | - | - | 65,454 |
| Accruals | 456 | 17,639 | 21,000 | 39,095 |
| | <u>65,910</u> | <u>17,639</u> | <u>21,000</u> | <u>104,549</u> |
| As at 31 December 2015 | | | | |
| Trade creditors | 136 | - | - | 136 |
| Amounts due to associated companies | 169,699 | - | - | 169,699 |
| Accruals | 728 | 6,500 | 20,000 | 28,228 |
| | <u>170,563</u> | <u>6,500</u> | <u>20,000</u> | <u>198,063</u> |

The Company is also required to maintain a level of assets in accordance with the relevant rules of the Financial Conduct Authority. As at 31 December 2016 the Company satisfied these requirements.

Concentration Risk

The Directors are aware of, and have given due consideration to, the risk arising from the fact that a significant proportion of the revenue is represented by a relatively small number of fellow subsidiaries and Parent Company subsidiaries. They and the Group's Management continue to monitor levels of concentration and to seek to continue to expand and diversify its client base so as to further mitigate this risk.

13. RELATED PARTY TRANSACTIONS

Since the accounts of the Company's parent company and ultimate parent company are not available to the public, all transactions within the Company's group are disclosed for the year ended 31 December 2016 and for the year ended 31 December 2015.

Income and expenditure fall under the following categories:

- a) Risk services
- b) Salaries recharged
- c) AIFM fee

| | 2016 | | 2015 | |
|---|---------------------------|----------------------------|---------------------------|----------------------------|
| | Income/ (Expense) £ | Debtor/ (Creditor) £ | Income/ (Expense) £ | Debtor/ (Creditor) £ |
| Sciens Capital Limited ¹ (a) | 25,717 | - | 169,020 | - |
| Sciens Capital Limited ¹ (b) | (158,974) | (65,453) | (337,109) | (169,699) |
| Sciens Group Fund Services Limited ¹ (a) | 65,630 | 115,122 | 160,701 | 172,895 |
| Sciens Group Fund Services Limited ¹ (b) | - | - | - | - |
| -PVE European Distressed Fund 1 ² (c) | 46,768 | 16,499 | 64,344 | 19,499 |
| PVE European Distressed Fund 2 ² (c) | 101,214 | 18,214 | 32,859 | 32,859 |

¹ These are all fellow subsidiaries of the ultimate parent company

Sciens Group Risk Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 2016

² This is a related party due to the fact that SGRS acts as AIFM to the fund

14. ULTIMATE PARENT COMPANY

At 31 December 2016, the immediate parent company was Sciens Fund of Funds Management Holdings Ltd., a company incorporated in the Cayman Islands. Sciens Fund of Funds Management Holdings Ltd. produces consolidated accounts and is the parent of the smallest group for which group accounts are drawn up and of which Sciens Group Risk Services Limited is a member. Copies of the accounts of Sciens Fund of Funds Management Holdings Ltd. are not available to the public. John P. Rigas, a shareholder of Sciens Fund of Funds Management Holdings Ltd., is considered to be the ultimate controller of the Company.