

Company Registration No. 08388039  
(England and Wales)

**Perwine Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2016**



## **Perwine Limited**

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## **Perwine Limited**

### **Officers and professional advisers**

#### **Directors**

N J Fallows  
A P Eager

#### **Company Secretary**

A P Eager

#### **Registered office**

8 Hanover Square  
London  
United Kingdom  
W1S 1HQ

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
2 New Street Square  
London  
United Kingdom  
EC4A 3BZ

#### **Bankers**

CBP Quilvest S.A.  
BP 1106, L-1011 Luxembourg  
48, rue Charles Martel  
L-2134 Luxembourg

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Directors' report**

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 31 December 2016. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption; accordingly no separate strategic report has been presented.

**Principal activity**

The principal activity of Perwine Limited is to make financial investments.

**Directors**

The directors who held office during the period were as follows:

N J Fallows  
A P Eager

**Results and dividends**

The results for the year are set out on page 7.

No dividends were paid in the year (2015: £nil).

**Going concern**

The Company has made a profit in the period and is in a net asset position at 31 December 2016. The directors have a reasonable expectation that the Company will continue to be profitable and that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual reports and financial statements.

**Information to auditor**

Each of the directors at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
- (2) the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

**Auditor**

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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



**N J Fallows**  
Director  
29 September 2017

## **Perwine Limited**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors are required to prepare the 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

## **Perwine Limited**

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

We have audited the financial statements of Perwine Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **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 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

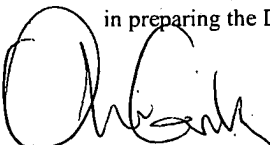
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

#### **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.
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report and in preparing the Directors' Report.



Oliver Grundy (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
29 September 2017

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Statement of comprehensive income**  
**For the year ended 31 December 2016**

	Notes	<u>2016</u> £'000	<u>2015</u> £'000
Investment revenue	4	1,366	1,143
Administrative expenses		<u>(28)</u>	<u>(23)</u>
<b>Operating profit</b>		1,338	1,120
Finance costs	6	-	(12)
Other losses	7	(764)	(139)
<b>Profit before taxation</b>		<u>574</u>	<u>969</u>
Taxation	9	<u>-</u>	<u>(3)</u>
<b>Total profit for the period</b>		<u><u>574</u></u>	<u><u>966</u></u>

All results are derived from continuing operations.

There were no income or expenses in the period presented other than disclosed above.

The notes from 1 to 17 form an integral part of these financial statements.

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

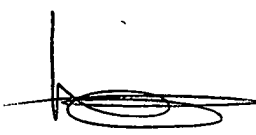
**Balance sheet**  
**As at 31 December 2016**

	Notes	<u>2016</u>	<u>2015</u>
		£'000	£'000
<b>Non-current assets</b>			
Investments	10, 13	3,931	4,249
		<u>3,931</u>	<u>4,249</u>
<b>Current assets</b>			
Cash and cash equivalents		226	342
		<u>226</u>	<u>342</u>
<b>Total assets</b>		<u>4,157</u>	<u>4,591</u>
<b>Current liabilities</b>			
Trade and other payables	11	(2,172)	(3,180)
Borrowings	12	-	-
Corporation tax		-	-
		<u>(2,172)</u>	<u>(3,180)</u>
<b>Net assets</b>		<u>1,985</u>	<u>1,411</u>
<b>Equity</b>			
Share capital	15	9	9
Retained earnings		<u>1,976</u>	<u>1,402</u>
<b>Total equity</b>		<u>1,985</u>	<u>1,411</u>

The notes from 1 to 17 form an integral part of these financial statements.

These financial statements for Perwine Limited a private company limited by shares (UK company registration number 08388039) were approved and authorised for issue by the Board of Directors on 29 September 2017.

Signed on behalf of the Board of Directors

  
 \_\_\_\_\_  
 N J Fallows  
 Director



**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Statement of changes in equity**  
**For the year ended 31 December 2016**

	<u>Notes</u>	<u>Share capital</u> £'000	<u>Retained earnings</u> £'000	<u>Total equity</u> £'000
<b>At 1 January 2015</b>		9	436	445
Total comprehensive income for the period		-	966	966
<b>At 1 January 2016</b>		9	1,402	1,411
Total comprehensive income for the period		-	574	574
<b>At 31 December 2016</b>		<u>9</u>	<u>1,976</u>	<u>1,985</u>

The notes from 1 to 17 form an integral part of these financial statements.

**Perwine Limited****Annual Report and Financial Statements for year ended 31 December 2016****Statement of cash flows****For the year ended 31 December 2016**

	<b>Note</b>	<b>2016</b> £'000	<b>2015</b> £'000
<b>Cash from operating activities</b>	<b>14</b>	<b>479</b>	<b>(23)</b>
Income taxes paid		-	(13)
<b>Net cash from operating activities</b>		<b>479</b>	<b>(36)</b>
<b>Investing activities</b>			
Acquisition of investments		(2,073)	(3,227)
Redemption of investments		3,112	-
Dividend received		137	224
Interest received		-	90
Related party loan drawing		-	(3,000)
Related party loan repayment		-	3,000
<b>Net cash from / (used in) investing activities</b>		<b>1,176</b>	<b>(2,913)</b>
<b>Financing activities</b>			
Transfer (to) / from parent company		(1,781)	3,001
Bank loans drawn		-	3,000
Bank loans repaid		-	(3,000)
Interest paid		-	(12)
<b>Net cash (used in) / from financing activities</b>		<b>(1,781)</b>	<b>2,989</b>
<b>Net increase in cash and cash equivalents</b>		<b>(126)</b>	<b>40</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>342</b>	<b>286</b>
Effect of foreign exchange rate changes		10	16
<b>Cash and cash equivalents at the end of the period</b>		<b>226</b>	<b>342</b>

The notes from 1 to 17 form an integral part of these financial statements.

## **Perwine Limited**

### **Annual Report and Financial Statements for year ended 31 December 2016**

#### **Notes to the financial statements**

#### **For the year ended 31 December 2016**

##### **1. General Information**

Perwine Limited (the "Company") is a private company limited by shares incorporated and domiciled in England and Wales in the United Kingdom (under the Companies Act 2006). The address of the registered office is: 8 Hanover Square, London, W1S 1HQ. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

##### **2. Accounting policies**

###### **(a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretation Committee (IFRIC) interpretations and the Companies Act 2006.

The financial statements are prepared under the historical cost convention modified by the revaluation of investments and have been prepared under a going concern basis as set out in the Directors' Report.

###### **(b) Going concern**

The Company has made a profit in the period and is in a net asset position at 31 December 2016. The directors have a reasonable expectation that the Company will continue to be profitable and that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual reports and financial statements.

###### **(c) Adoption of new and revised standards**

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and therefore not adopted:

IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
IFRS 9	Financial Instruments (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers (effective 1 January 2018)
IFRS 16	Leases (effective 1 January 2019)
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IAS 7 (amendments)	Disclosure Initiative
IAS 12 (amendments)	Recognition of Deferred tax Assets for Unrealised Losses

The directors do not expect that the adoption of the Standards or Interpretations listed above, which are all effective from 1 January 2017 (unless stated), will have a material impact on the financial statements of the Company in future periods, except for IFRS 9, which will impact both the measurement and disclosures of items within the financial statements.

The following new and revised Standards and Interpretations to published standards were adopted by the Company for the financial year beginning 1 January 2016:

IAS1	Disclosure Initiative
2012-2014 Cycle	Annual Improvements to IFRS

The adoption of these Standards and Interpretations has not had any significant impact of the amounts reported

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**  
**Notes to the financial statements (continued)**

**2. Accounting policies (continued)**

**(d) Foreign currencies**

The financial statements are presented in pounds sterling which is the functional currency of the company; the currency of the primary economic environment in which it operates.

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling on the balance sheet date, with exchange differences being reflected in the statement of comprehensive income.

**(c) Investment revenue**

Investment revenue comprises of dividend and interest received.

Investment revenue is recognised as the interest accrues using the effective interest method. As explained further in 2 (f) investment fair value gains and losses are recorded in the statement of comprehensive income.

Dividend income from investments is recognised when the shareholders receive payment.

**(d) Borrowing costs**

Borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

**(e) Taxation**

The tax expense represents the sum of the charges and credits for current tax.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are non-taxable or deductible. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

## **Perwine Limited**

### **Annual Report and Financial Statements for year ended 31 December 2016**

#### **Notes to the financial statements (continued)**

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### **(f) Investments**

The Company holds investments in unlisted investment securities. These investments are accounted for at fair value with any gains and losses going to the statement of comprehensive income.

##### **(g) Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes party to contractual provisions of the instrument. The Company has not entered into any derivative financial instruments during the years presented.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Company derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

##### *Cash and cash equivalents*

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprises cash at bank.

##### *Trade and other receivables*

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

##### *Trade and other payables*

Trade payables principally comprise amounts outstanding for trade purchase and ongoing costs. The carrying amounts of trade payables, which is their nominal value, approximates to their fair value.

##### *Loans and receivables*

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Notes to the financial statements (continued)**

**2. Accounting policies (continued)**

**(h) Fair value measurements**

The Company measures its investments in private companies at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For all financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

## Perwine Limited

### Annual Report and Financial Statements for year ended 31 December 2016

#### Notes to the financial statements (continued)

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **a) Fair value of securities not quoted in an active market**

As described in Note 2(i), management uses its judgment in selecting an appropriate valuation technique for financial instruments that are not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates.

#### 4. Investment revenue

	<u>2016</u>	<u>2015</u>
	<u>£'000</u>	<u>£'000</u>
Loan interest received from related party (note 16)	-	90
Net gain on financial assets and liabilities at fair value through profit or loss	1,229	829
Dividend received	137	224
	<u>1,366</u>	<u>1,143</u>

**Perwine Limited****Annual Report and Financial Statements for year ended 31 December 2016****Notes to the financial statements (continued)****5. Auditor's remuneration**

During the year ended 31 December 2016, fees payable by the Company to Deloitte LLP for the audit of the financial statements amounted to £11k (2015: £9k).

**6. Finance costs**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable	-	12
	<u>-</u>	<u>12</u>

**7. Other losses**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Foreign exchange losses	(764)	(139)
	<u>(764)</u>	<u>(139)</u>

**8. Staff costs**

There are no staff directly employed by the company. Staff are contracted and paid by a third party and costs are recharged to the company. Total staff costs of £15,883 (2015: £10,261) were charged in the period and recognised in administrative expenses in the statement of comprehensive income.

The directors received no remuneration from the Company during the period.



**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Notes to the financial statements (continued)**

**9. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Corporation tax	-	3
	<u>-</u>	<u>3</u>

The charge for the year can be reconciled to the profit in the income statement as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax on continuing operations	<u>574</u>	<u>969</u>
Tax at the UK average corporation tax rate of 20.0% (2015: 20.25%)	115	196
Tax effect of income not taxable in determining taxable profit	(150)	(188)
Deferred tax not recognised	35	(8)
Prior year adjustment	<u>-</u>	<u>3</u>
	<u>-</u>	<u>3</u>

During the year the UK corporation tax remained at 20.0% (2015: 21.0% to 20.0 %) resulting in an average tax rate of 20.0% (2015: 20.25%).

Finance (No.2) Act 2015 enacted reductions in the UK corporation tax rate to 19% with effect from 1 April 2017. Finance Act 2016 further reduces the UK Corporation tax rate to 17% from 1 April 2020.

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Notes to the financial statements (continued)**

**10. Investments**

	As at 1 January 2016	(Redemption) / purchase	Increase / (decrease) in fair value	As at 31 December 2016
	£'000	£'000	£'000	£'000
<b>Investments held at fair value through profit and loss</b>				
ESJ T Notes, L.P.	2,897	(3,112)	215	-
Realfund Investments LLC	1,232	-	268	1,500
MSF Advisors, L.P.	120	-	(120)	-
Travelpro Group Holdings, L.P.	-	2,073	358	2,431
	<u>4,249</u>	<u>(1,039)</u>	<u>721</u>	<u>3,931</u>

On the 11 June 2015, the Company advanced capital of \$4.0 million (£2.6 million) to ESJ T Notes, L.P. The share in the Partnership was that of a Limited Partner and as such the Company held no control. The Partnership held two defaulted loan notes that were secured against commercial property in a prime location in Miami. The investment was redeemed on 3 October 2016, with an accounting profit of £0.2 million (2015: 0.4 million) being recognised year.

On the 11 June 2015, the Company purchased 1,000 units of Class R2 shares in Realfund Investments LLC, with no voting rights. The shares relate to the ownership of a company, Design Stage, LLC, held within the fund that owns a development property in the United States. A fair value uplift of £0.3 million (2015: £0.9 million) has been recognised based on the revaluation of the property held by the Company.

At the 31 December 2016, the investment in MSF Advisors, L.P. has been re-valued to fair value with the loss on revaluation taken to the statement of comprehensive income. This investment represents equity in a management and advisory company in an open-ended investment vehicle which received fees based on the assets managed within the investment vehicle and its financial performance. With the investment vehicle winding down, no further fees are expected and the fair value of the investment has been reduced to £nil.

On 17 May 2016 the Company purchased a £2.1 million (\$3.0 million converted at 1.447 at point of purchase) 4.8% Limited Partner share in Midocean Travelpro Group Holdings, L.P. This investment is held at cost at 31 December 2016, with the fair value adjustment of £0.4 million relating to foreign exchange.

Name of investment	Principal activity	Valuation method	Unobservable inputs	Place of incorporation and principal place of business	Proportion of ownership interest	
					2016	2015
Realfund Investments LLC	Investment fund	Property valuations	Exit yield	United States - Florida	0.00 %	0.00 %
ESJ T Notes, L.P.	Investment company	N/A	N/A	United States - Delaware	0.00 %	30.80 %
MSF Advisors, L.P.	Management and advisory	N/A	N/A	United States - Delaware	24.99 %	24.99 %
Midocean Travelpro Group Holdings, L.P.	Private equity	Cost	N/A	United States - Delaware	4.80 %	4.80 %

The valuations of these investments are provided by third party managers in line with the international private equity and venture capital valuation guidelines.

**Perwine Limited****Annual Report and Financial Statements for year ended 31 December 2016****Notes to the financial statements (continued)****11. Trade and other payables**

	<u>2016</u>	<u>2015</u>
	<i>£'000</i>	<i>£'000</i>
Amounts owed to parent company	2,147	3,154
Amounts owed to related parties	10	13
Accruals	15	13
	<u>2,172</u>	<u>3,180</u>

**12. Borrowings**

	<u>2016</u>	<u>2015</u>
	<i>£'000</i>	<i>£'000</i>
At 1 January	-	-
Drawn down in the year	-	3,000
Repaid	-	(3,000)
Borrowings at 31 December	<u>-</u>	<u>-</u>

On 31 July 2015, the Company entered into a floating rate loan facility of £3.0 million with CBP Quilvest S.A. Interest was charged on the loan at 1 year LIBOR plus 1%. The amount was drawn in full on 14 August 2015 and repaid on 12 November 2015, during that period £12 thousand of interest was charged (note 6).

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Notes to the financial statements (continued)**

**13. Financial instruments**

**Capital risk management**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of its debt and equity.

The capital structure of the Company consists of the equity of the Company (comprising issued capital and retained earnings).

The Company does not have any outstanding debt at 31 December 2016.

**Financial risk management objectives**

The Company's financial risk management objectives and policies are detailed below. A discussion of the risks together with a summary of the Company's approach to managing those risks is as follows.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

**Foreign exchange risk**

The Company holds cash and cash equivalents in currencies other than the Pound Sterling. A reasonable possible change in foreign exchange rates of 10% is not deemed to have a significant impact on the Company's results or equity.

**Liquidity risk**

The Company manages liquidity risk by matching its cash flows from its assets and liabilities to ensure all liabilities can be met as they fall due.

Maturity analysis for financial liabilities showing the remaining contractual maturities has been disclosed below.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

# Perwine Limited

## Annual Report and Financial Statements for year ended 31 December 2016

### Notes to the financial statements (continued)

#### 13. Financial instruments (continued)

##### Investment risk

Investment risks are those in respect of specific asset investment decisions and the subsequent performance of an investment or exposure concentrations across business line portfolios. They could materially impact our ability to achieve our strategic objectives.

Our overarching objectives are to source attractive investment opportunities at the right price and execute their investment plans successfully.

The investment proposal presented at the outset includes the investment thesis. It will also include a view on the likely exit strategy and timing.

Finally, we recognise the need to plan and execute a successful exit at the optimum time for the portfolio company's development, taking consideration of market conditions. This risk is closely linked to the economic environment. Exit plans are refreshed where appropriate in the portfolio reviews and the divestment process is clearly defined and overseen by the Investment Committee.

The Investment Committee is involved in and approves every step of the investment and realisation process.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Total £'000
<b>31 December 2016</b>					
Non-interest bearing	2,157	-	-	-	2,157
	<u>2,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,157</u>
<b>31 December 2015</b>					
Non-interest bearing	3,167	-	-	-	3,167
	<u>3,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,167</u>

The carrying amounts of financial assets presented in the statement of financial position relate to the following measurement categories as defined in IAS 39:

	2016 £'000	2015 £'000
<b>Fair value through profit and loss</b>		
Investments	3,931	4,249
	<u>3,931</u>	<u>4,249</u>
<b>Loans and receivables</b>		
Cash and cash equivalents	226	342
	<u>226</u>	<u>342</u>

**Perwine Limited**  
**Annual Report and Financial Statements for year ended 31 December 2016**

**Notes to the financial statements (continued)**

**13. Financial instruments (continued)**

The carrying amounts of financial liabilities presented in the statement of financial position relate to the following measurement categories as defined in IAS 39:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	(2,157)	(3,167)
	<u>(2,157)</u>	<u>(3,167)</u>

***Fair value measurements***

The directors consider that the carrying amount of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

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

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

<b>Fair value through profit and loss</b>	<b>Level £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>2015 £'000</b>
<b>31 December 2016</b>				
Investments	-	-	3,931	3,931
	<u>-</u>	<u>-</u>	<u>3,931</u>	<u>3,931</u>
<b>31 December 2015</b>				
Investments	-	-	4,249	4,249
	<u>-</u>	<u>-</u>	<u>4,249</u>	<u>4,249</u>

***Reconciliation of Level 3 fair value measurements of financial assets:***

	<b>Total £'000</b>
As at 1 January 2016	4,249
Purchase	2,073
Redemption	(3,112)
Net gain on financial assets and liabilities at fair value through profit or loss	721
Balance as at 31 December 2016	<u>3,931</u>

**Perwine Limited****Annual Report and Financial Statements for year ended 31 December 2016****Notes to the financial statements (continued)****14. Notes to the cash flow statement****Reconciliation of operating profit to cash used in operations**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities:</b>		
Operating profit	1,338	1,120
Adjustments for:		
Gain from revaluation on investments	(721)	(829)
Dividend received	(137)	(224)
Interest income	-	(90)
<b>Operating cash flow prior to working capital changes</b>	<b>480</b>	<b>(23)</b>
Decrease in payables	(1)	-
<b>Net cash from operating activities</b>	<b>479</b>	<b>(23)</b>

**15. Share capital**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised, issued and unpaid</b>		
10,000 ordinary shares of £0.865 each	9	9

The Company has one class of ordinary shares which carry no right to fixed income.

Upon incorporation, the Company issued 10,000 shares of €1 each. This was translated at the exchange rate ruling at the date of transaction.

**Perwine Limited**

**Annual Report and Financial Statements for year ended 31 December 2016**

**Notes to the financial statements (continued)**

**16. Transactions with parent company and related parties**

*Parent Company*

The Company owed £2.1 million to its immediate parent company at 31 December 2016 (2015: £3.2 million).

*Related parties*

There was no interest charged in the year (2015: £90k) on the loan to Spire Property Development LLP (note 4). The full loan balance of £3.0 million and total accrued interest of £90k was repaid in 2015.

**17. Controlling party**

Pryvest Cyprus Limited, a company incorporated in Cyprus, is the immediate parent company of the Company, but does not prepare group financial statements.

The financial statements of this company are not available to the public.

There is no overall controlling party.