

Company Registration No. 08388039

Perwine Limited

Annual Report and Financial Statements

For the year ended 31 December 2014

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Perwine Limited

Contents	Page
Officers and professional advisers	3
Directors' report	4
Directors' responsibilities statement	5
Independent auditor's report to the members of Perwine Limited	6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11

Perwine Limited

Officers and professional advisers

Directors

N J Fallows
A P Eager

Company Secretary

A P Eager

Registered office

Anchor House
15-19 Britten Street
London
United Kingdom
SW3 3TY

Auditor

Deloitte LLP
Chartered Accountants and 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 2014

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 2014. 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 (appointed 4 February 2013)

A Eager (appointed 4 February 2013)

Going concern

The Company has made a profit in the period and is in a net asset position at 31 December 2014. 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

18 August 2015

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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2014 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and related notes 1 to 19. 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 2014 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.

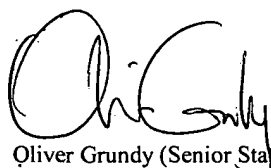
Opinion on other matters prescribed by the Companies Act 2006

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

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 Company 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
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 August 2015

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Statement of comprehensive income
For the year ended 31 December 2014

	Notes	2014 £'000	Period from 4 February 2013 to 31 December 2013 £'000
Investment revenue	4	279	26
Administrative expenses		(14)	(11)
Operating profit		265	15
Finance costs	6	(10)	(4)
Other gains and losses	7	(7)	193
Profit before taxation		248	204
Taxation	9	(13)	(3)
Total profit for the period		235	201
Total comprehensive income for the period		235	201

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 19 form an integral part of these financial statements.

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Balance sheet
As at 31 December 2014

	Notes	2014 £'000	2013 £'000
Non current assets			
Investments	10, 14	193	219
		<u>193</u>	<u>219</u>
Current assets			
Trade and other receivables	11	-	26
Investments	10, 14	-	1,149
Cash and cash equivalents		286	4
		<u>286</u>	<u>1,179</u>
Total assets		<u>479</u>	<u>1,398</u>
Current liabilities			
Trade and other payables	12	(21)	(36)
Corporation tax		(13)	(3)
Borrowings	13	-	(1,149)
		<u>(34)</u>	<u>(1,188)</u>
Total liabilities		<u>(34)</u>	<u>(1,188)</u>
Net assets		<u>445</u>	<u>210</u>
Equity			
Share capital	16	9	9
Retained earnings		436	201
Total equity		<u>445</u>	<u>210</u>

The notes from 1 to 19 form an integral part of these financial statements.

These financial statements for Perwine Limited (UK company registration number 08388039) were approved and authorised for issue by the Board of Directors on 18 August 2015.

Signed on behalf of the Board of Directors



N J Fallows
Director

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Statement of changes in equity
For the year ended 31 December 2014

	<u>Notes</u>	<u>Share capital</u> £'000	<u>Retained earnings</u> £'000	<u>Total equity</u> £'000
At 4 February 2013		-	-	-
Issue of share capital	16	9	-	9
Total comprehensive income for the period		-	201	201
At 1 January 2014		9	201	210
Total comprehensive income for the period		-	235	235
At 31 December 2014		9	436	445

The notes from 1 to 19 form an integral part of these financial statements.

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Statement of cash flows
For the year ended 31 December 2014

	Note	2014 £'000	Period from 4 February 2013 to 31 December 2013 £'000
Cash from operating activities	15	208	4
Income taxes paid		(3)	-
Net cash from operating activities		<u>205</u>	<u>4</u>
Investing activities			
Acquisition of investments		-	(1,149)
Related party loan repayment		<u>1,242</u>	<u>-</u>
Net cash from / (used in) investing activities		<u>1,242</u>	<u>(1,149)</u>
Financing activities			
Bank loans drawn		-	1,149
Bank loans repaid		(1,149)	-
Interest paid		<u>(14)</u>	<u>-</u>
Net cash (used in) / from financing activities		<u>(1,163)</u>	<u>1,149</u>
Net increase in cash and cash equivalents		284	4
Cash and cash equivalents at the beginning of the period		4	-
Effect of foreign exchange rate changes		(2)	-
Cash and cash equivalents at the end of the period		<u><u>286</u></u>	<u><u>4</u></u>

The notes from 1 to 19 form an integral part of these financial statements.

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements
For the year ended 31 December 2014

1. General Information

Perwine Limited (the “Company”) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is: Anchor House, 15-19 Britten Street, London, SW3 3TY. 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 2014. 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

The following new and revised Standards and Interpretations to published standards were adopted by the Group for the financial year beginning 1 January 2014:

IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IAS 27	Separate Financial Statements (2011)
IAS 28	Investments in Associates and Joint Ventures (2011)
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities
IFRS 10, IFRS 12 and IAS 27 (amended)	Investment Entities
IAS 36 (amended)	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (amended)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The adoption of these Standards and Interpretations has not had any significant impact of the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

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 5 (amended)	Non-current Assets Held for Sale and Discontinued Operations (effective date 1 January 2016)
IFRS 7 (amended)	Financial Instruments: Disclosures (effective 1 January 2018)
IFRS 9	Financial Instruments (effective 1 January 2018)
IFRS 10 (amended)	Consolidated Financial Statements (effective 1 January 2016)
IFRS 11 (amended)	Joint Arrangements (effective 1 January 2016)
IFRS 12 (amended)	Disclosure of Interests in Other Entities (effective 1 January 2016)

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

2. Accounting policies (continued)

(c) Adoption of new and revised standards (continued)

IFRS 14	Regulatory Deferral Accounts (effective 1 January 2016)
IFRS 15	Revenue from Contracts with Customers (effective 1 January 2017)
IAS 1 (amended)	Presentation of Financial Statements (effective 1 January 2016)
IAS 16 (amended)	Clarification of Acceptable Methods of Depreciation and Amortisation and Bringing Bearer Plants into the Scope
IAS 19 (amended)	Employee Benefits
IAS 27 (amended)	Reinstating Equity Method as and Accounting Option (effective 1 January 2016)
IAS 28 (amended)	Sale or Contribution of Assets and the Application of the Consolidation Exception (effective 1 January 2016)
IAS 38 (amended)	Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
IAS 39 (amended)	Continuation of Hedge Accounting
2010-2012 Cycle	Annual Improvements to IFRS
2011-2013 Cycle	Annual Improvements to IFRS
2012-2014 Cycle	Annual Improvements to IFRS

The directors do not expect that the adoption of the Standards or Interpretations listed above, which are all effective from 1 January 2015 (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.

(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.

(e) Investment revenue

Investment revenue is recognised as the interest accrues using the effective interest method.

(f) Dividend income

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

(g) Borrowing costs

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

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

2. Accounting policies (continued)

(h) 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.

(i) 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.

(j) 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.

Investments

Non-current investments are measured at fair value. Gains and losses arising on the revaluation are taken to 'Other gains and losses' within the statement of comprehensive income.

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

2. Accounting policies (continued)

(k) 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

(j) Fair value measurements (continued)

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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 2014

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(k), 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

	2014	Period from 4 February 2013 to 31 December 2013
	£'000	£'000
Loan interest received	67	26
Dividends received	212	-
	<u>279</u>	<u>26</u>

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

5. Auditor's remuneration

During the year ended 31 December 2014, fees payable by the Company to Deloitte LLP for audit related services amounted to £11k (2013: £10k).

6. Finance costs

	2014	Period from 4 February 2013 to 31 December 2013
	£'000	£'000
Interest payable	10	4
	<u>10</u>	<u>4</u>

7. Other gains and losses

	2014	Period from 4 February 2013 to 31 December 2013
	£'000	£'000
Foreign exchange gains	19	3
Write off of investment	-	(29)
Gain / (loss) from revaluation of investments (note 10)	(26)	219
	<u>(7)</u>	<u>193</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 £2,690 (2013: £890) 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 2014

Notes to the financial statements (continued)

9. Taxation

	2014	Period from 4 February 2013 to 31 December 2013
	<i>£'000</i>	<i>£'000</i>
Corporation tax	<u>13</u>	<u>3</u>
	<u>13</u>	<u>3</u>

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

	2014	Period from 4 February 2013 to 31 December 2013
	<i>£'000</i>	<i>£'000</i>
Profit before tax on continuing operations	<u>248</u>	<u>204</u>
Tax at the UK average corporation tax rate of 21.5% (2013: 23.17%)	53	47
Tax effect of expenses that are not deductible in determining taxable profit	5	7
Tax effect of income not taxable in determining taxable profit	<u>(45)</u>	<u>(51)</u>
	<u>13</u>	<u>3</u>

During the year the UK corporation tax rate went from 23% to 21% (2013: 24% to 23%) resulting in an average tax rate of 21.49% (2013: 23.17%).

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

10. Investments

Non current	As at 1 January 2014	Increase / (decrease) in fair value	As at 31 December 2014
	£	£	£
Investments held at fair value through profit and loss			
MSF Advisors, L.P.	187,965	(5,050)	182,915
LSV AI Advisors, L.P.	30,755	(21,128)	9,627
MSF Advisors GP, LLC	2	(2)	-
MSF Fund GP, LLC	2	(2)	-
LSV AI Advisors GP, LLC	2	(2)	-
LSV World Bear Fund, Ltd	2	(2)	-
	<u>218,728</u>	<u>(26,186)</u>	<u>192,542</u>

The shares included above represent investments in unlisted investment securities that present the group with opportunity for return through dividend income. The company holds a strategic non-controlling interest of 24.99% in each of the entities listed above.

At the 31 December 2014, these investments have been re-valued to fair value with the loss on revaluation taken to the statement of comprehensive income. These investments represent equity in management and advisory companies in certain open-ended investment vehicles which receive fees based on the assets managed within these investment vehicles and the financial performance of them. The management do not have long term visibility on the fees generated as these are subject to market risk and as such feel the fair value of the investments is the dividends to be received in relation to prior years.

Current	As at 1 January 2014	Repaid	As at 31 December 2014
	£'000	£'000	£'000
Loans receivable carried at amortised cost			
Loan to Spire Property Development LLP	1,149	(1,149)	-
	<u>1,149</u>	<u>(1,149)</u>	<u>-</u>

On 21 October 2013, the Company granted a secured loan to Spire Property Development LLP for £1,149,035. Interest is charged on the loan at a rate of 1% per month. The loan was repaid in full on 18th June 2014.

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

11. Trade and other receivables

	<u>2014</u>	<u>2013</u>
	<u>£'000</u>	<u>£'000</u>
Accrued interest on loan	--	26
	<u>-</u>	<u>26</u>

12. Trade and other payables

	<u>2014</u>	<u>2013</u>
	<u>£'000</u>	<u>£'000</u>
Amounts owed to parent company	-	22
Amounts owed to related parties	12	-
Accruals	9	14
	<u>21</u>	<u>36</u>

13. Borrowings

	<u>2014</u>	<u>2013</u>
	<u>£'000</u>	<u>£'000</u>
At 1 January	1,149	-
Drawn down in the year	-	1,149
Repaid	(1,149)	-
Borrowings at 31 December	<u>-</u>	<u>1,149</u>

On 23 October 2013, the Company entered into a floating rate loan facility of up to £1,150,000 with CBP Quilvest S.A. Interest is charged on the loan at 1 year LIBOR plus 1%. One or more drawings can be made on the facility and repayment of the amount drawn plus interest is due at the end of an interest period being one year. The facility was terminated on 24 June 2014.

14. 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 net debt (borrowings disclosed in note 13 after deducting cash and cash equivalents) and equity of the Company (comprising issued capital and retained earnings).

The Company does not have any outstanding debt at 31 December 2014. There are no covenants attached to the bank facility.

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

14. Financial instruments (continued)

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.

Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at a variable interest rate as described in note 13. This risk is managed by the loan granted to Spire Property Development LLP on which it earns interest at a fixed rate that is higher than the variable rate on the borrowings throughout the period.

Based on balances of cash, cash equivalents and borrowings at 31 December 2014, a reasonable possible change in interest rates of 0.5% would result in a gain/(loss) of £1,432 for the Company's results and equity.

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 2014

Notes to the financial statements (continued)

14. Financial instruments (continued)

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1 to 5 years £'000	Total £'000
31 December 2014					
Non-interest bearing	12	-	-	-	12
	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
31 December 2013					
Non-interest bearing	22	-	-	-	22
Variable interest rate instruments (note 13)	-	-	1,149	-	1,149
	<u>22</u>	<u>-</u>	<u>1,149</u>	<u>-</u>	<u>1,171</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:

	<u>2014</u> £'000	<u>2013</u> £'000
Fair value through profit and loss		
Investments	<u>193</u>	<u>219</u>
	<u>193</u>	<u>219</u>
Loans and receivables		
Investments	-	1,149
Cash and cash equivalents	<u>286</u>	<u>4</u>
	<u>286</u>	<u>1,153</u>

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

	<u>2014</u> £'000	<u>2013</u> £'000
Financial liabilities measured at amortised cost		
Trade and other payables	(12)	(22)
Borrowings	<u>-</u>	<u>(1,149)</u>
	<u>(12)</u>	<u>(1,171)</u>

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

14. Financial instruments (continued)

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).

	Level £'000	Level 2 £'000	Level 3 £'000	2014 £'000	2013 £'000
Fair value through profit and loss					
Investments	-	-	193	193	219
	-	-	193	193	219

Reconciliation of Level 3 fair value measurements of financial assets:

	FVTPL Investments £'000	Total £'000
As at 1 January 2014	219	219
Total losses in profit or loss	(26)	(155)
Balance as at 31 December 2014	193	64

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurements.

Fair value gains and losses on investments are included in 'Other gains and losses' on the statement of comprehensive income (see note 7).

Perwine Limited
Annual Report and Financial Statements for year ended 31 December 2014

Notes to the financial statements (continued)

15. Notes to the cash flow statement

Reconciliation of operating profit to cash used in operations

	2014	Period from 4 February 2013 to 31 December 2013
	£'000	£'000
Cash flows from operating activities:		
Operating profit	265	15
Adjustments for:		
Interest income	(67)	(26)
Operating cash flow prior to working capital changes	<u>198</u>	<u>(11)</u>
Decrease in receivables	26	(24)
(Decrease) / increase in payables	(16)	39
Net cash from operating activities	<u><u>208</u></u>	<u><u>4</u></u>

16. Share capital

	2014	2013
	£'000	£'000
Authorised, issued and unpaid		
10,000 ordinary shares of £0.865 each	<u>9</u>	<u>9</u>

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 2014

Notes to the financial statements (continued)

17. Transactions with parent company and related parties

Parent Company

The Company owed £nil to its immediate parent company at 31 December 2014 (2013: £22,000).

Related parties

During the year interest of £67,384 (2013: £26,066) was charged on the loan to Spire Property Development LLP. The full loan balance of £1,149,035 and total accrued interest of £94,350 was repaid during the year. There were no balances outstanding with Spire Property Development LLP at 31 December 2014 (2013: £1,175,101).

During the year the Company was charged fees of £2,690 (2013: £890) for advisory and administration services from a related entity under common control. At 31 December 2014 £1,112 (2013: £890) of these fees were unpaid and are included within trade payables in note 12. An additional payable of £11,000 is due to the same party as the year end in relation to 2013 audit fees paid on the Company's behalf.

18. Subsequent events

On 10 August 2015 the Company granted a secured loan to Spire Property Development LLP for £3m. Interest is charged on the loan at a rate of 1% per month. The term of the loan is 3 months with an option to extend for a further 3 months.

19. 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.