

Renshaw Bay LLP

Registered Number: OC362386

Members' Report and Financial Statements

For the year ended 31 December 2016

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Renshaw Bay LLP
Registered number OC362386
For the year ended 31 December 2016

Administrative Information

Members

R Berliand
A Gulati
Renshaw Bay (UK) Limited

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Lloyds Bank Plc
10 Gresham Street
London
EC2V 7AE

Registered office

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

Members' Report

The members present their report and the audited financial statements for Renshaw Bay LLP ('the Partnership') for the year ended 31 December 2016.

Principal activities

The principal activity of the Partnership during the year was the provision of investment advisory and marketing support services in respect of funds and investment accounts.

Results for the year and allocations to members

The profit for the year available for division among members pursuant to the Partnership Agreement was £1,831,239 (2015: £3,079,950) as shown on page 8. The Partnership's statement of financial position shows total members' interests of £11,790,500 (2015: £11,458,384) which is in line with the members' expectations.

Review of business

The result for the year, and the financial position at the year end, are considered satisfactory by the members.

On, and with effect from, 14 December 2016, the Financial Conduct Authority granted the Partnership's application for cancellation of its UK regulatory permissions. The Partnership ceased to be authorised and regulated under the Financial Services and Markets Act (2000) on that date.

On 26 February 2015 it was announced that W Winters, the then CEO of the Partnership, would join Standard Chartered Bank to take over as its group CEO in June 2015. The Partnership and its ultimate parent company, Renshaw Bay Ltd.¹, agreed with Mr Winters that he would resign from the Partnership and all group directorships with effect from 9 June 2015. Over the following months, the members, in conjunction with key stakeholders, considered various opportunities for the future of the Partnership and its business.

On 9 August 2015, the Partnership and Renshaw Bay Ltd. (the "Sellers") agreed the sale of the principal assets of their real estate finance business to companies in the group headed by GAM Holding AG (the "GAM Sale"). The GAM Sale was completed on 2 October 2015. The assets transferred included general partner entities relevant to the real estate finance business, all real estate finance investment management contracts and all relevant client and investor relationships, and, in addition, the Partnership's real estate finance investment team transferred to the GAM group. The Sellers agreed to cease further real estate finance business activity. The principal consideration was made up of upfront cash payments, contingent annual amounts over a period of five years based on a defined earn-out (the "GAM Earn-out") and a share of any future performance fees in respect of one investment management contract (the "REFS Performance Share").

The Partnership's structured finance asset management business was substantially wound down in the second half of 2015, and, since 30 December 2015, the Partnership has not acted as Alternative Investment Fund Manager of any Alternative Investment Funds, as such terms are defined in the FUND sourcebook of the FCA Handbook.

In the second half of 2015, the number of the Partnership's personnel was reduced very substantially. The personnel whose employment or membership was terminated during 2015 included members of the structured finance investment team, and a significant number of non-investment personnel directly involved in the provision of the Partnership's services under its investment mandates across both its real estate finance and structured finance activities, between which there was substantial operational overlap, both at the level of the Partnership's Investment Committee and Valuation Committee, as well as in all other operational areas of the Partnership.

¹ See Note 20

Members' Report (continued)

Review of business (continued)

At the beginning of 2016, the Partnership had two clients, one under an investment advisory agreement in connection with a structured finance asset (the "SF Advisory Mandate"), and the other under arrangements related to marketing-support for certain third party funds, which incorporated an investment management revenue-sharing arrangements in favour of the Partnership (the "Marketing and Revenue-Sharing Arrangements").

The SF Advisory Mandate was terminated by agreement with effect on and from 18 March 2016. On 15 November, 2016, the Partnership transferred its interest in the GAM Earn-out to Renshaw Bay Ltd for cash consideration, having transferred the REFS Performance Share in 2015 (see note 16). On 21 November, 2016, the Marketing and Revenue-Sharing Arrangements were terminated, except that the Partnership transferred the benefit of the revenue-sharing element of those arrangements to Renshaw Bay Ltd. for cash consideration on the same date (see note 17). The Partnership ceased trading on 21 November, 2016.

Following the Financial Conduct Authority's grant of the Partnership's request for cancellation of its UK regulatory permissions on 14 December 2016, management is working towards further simplifying the affairs of the Partnership, with a view to the Partnership ultimately being wound up.

Going Concern

Following the sale of the business in 2015 and service terminations and intra-group transfers in 2016 the members have decided that the Partnership will no longer perform investment advisory and marketing support services in respect of funds and investment accounts, and accordingly determined that the going concern basis for accounting is no longer appropriate. Consequently the financial statements for the year ending 31 December 2016 have been prepared on a basis other than going concern. Fixed assets have been fully depreciated to their realisable value (£Nil) on the grounds that the Partnership is no longer performing any services, and current assets have been stated at realisable values. Creditors have been classified as current liabilities. The comparative financial information continues to be prepared on a going concern basis.

Members

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

R Berliand *
A Gulati *
Renshaw Bay (UK) Limited *

* denotes a designated member at the date of this report.

Renshaw Bay (UK) Limited is the Managing Member of the Partnership.

Members' Indemnities

The Partnership has qualifying third party indemnity provisions for the benefit of its members, which remain in force at the date of this report.

Members' profit allocation

Any profits are shared among the members, as determined by the Managing Member, or as agreed between the Managing Member and other Members, and governed by the Partnership Agreement.

Members' Report (continued)

Policy for members' drawings, subscriptions and repayment of members' capital

Policies for members' drawings, subscriptions and repayment of members' capital, are governed by the Partnership Agreement, and their respective terms of admission.

Financial risk management

The financial risk management of the Partnership, is detailed in note 3 of the Partnership's financial statements.

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations") requires the members to prepare financial statements for each financial year. Under that law the members have prepared the Partnership financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law as applied to limited liability partnerships the members 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As explained in note 2 to the financial statements, the members do not believe the going concern basis to be appropriate and these financial statements have been prepared on that basis, but confirms that they have complied with the above requirements in preparing the financial statements.

Disclosure of information to the auditors

The members who were members of the Partnership at the time of approving the members' report are listed on page 2. Each of these members confirms that:

- to the best of each member's knowledge and belief, there is no information relevant to the preparation of their report of which the Partnership's auditors are unaware; and
- each member has taken all the steps a member might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Partnership's auditors are aware of that information.

Renshaw Bay LLP
Registered number OC362386
For the year ended 31 December 2016

Members' Report (continued)

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the members' meeting held to approve these financial statements.

On behalf of the members


R/Berliand
Designated Member

1 March 2017



A Gulati
Designated Member

1 March 2017

Independent auditors' report to the members of Renshaw Bay LLP

Report on the financial statements

Our opinion

In our opinion, Renshaw Bay LLP's financial statements (the "financial statements"):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.
-

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. The members have decided that the limited liability partnership will no longer provide investment advisory and marketing support services, and accordingly, determined that the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. Adjustments have been made in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets to current assets.

What we have audited

The financial statements, included within the Members' Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Changes in Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the members have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Renshaw Bay LLP (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the members

As explained more fully in the Statement of members' responsibilities set out on page 3, the members 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

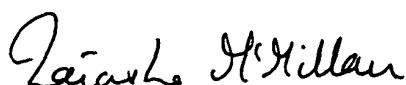
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the members; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the members' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Natasha McMillan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

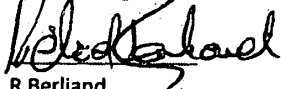
1 March 2017


Renshaw Bay LLP
Registered number OC362386
As at 31 December 2016

Statement of Financial Position

	Note	2016 £	2015 £
Assets			
Non-current assets			
Property, plant and equipment	5	-	2,011
Investments	6	-	58,130
Trade and other receivables	8	-	1,000,000
Total non-current assets		-	1,060,141
Current assets			
Investments	6	21,807	-
Trade and other receivables	8	1,802,972	1,313,675
Cash and cash equivalents	7	10,302,180	9,487,182
Total current assets		12,126,959	10,800,857
Total assets		12,126,959	11,860,998
Liabilities			
Current liabilities			
Trade and other payables	9	356,459	402,614
Amounts due to members	10	53,862	52,985
Total current liabilities		410,321	455,599
Non-current liabilities			
Members' capital	10	-	20,000
Total non-current liabilities		-	20,000
Capital and reserves			
Members' capital	10	26,452,449	27,952,449
Other reserves	10	(14,735,811)	(16,567,050)
Total members' equity	10	11,716,638	11,385,399
Total equity and liabilities		12,126,959	11,860,998
Total members' interests			
Members' equity	10	11,716,638	11,385,399
Members' capital classified as a liability	10	20,000	20,000
Amounts due to members	10	53,862	52,985
	10	11,790,500	11,458,384

The financial statements on pages 7 to 24 were approved by the members of the Partnership on 1 March 2017 and were signed on its behalf by:


R Berliand
Designated member


A Gulati
Designated Member

The notes on pages 11 to 24 are an integral part of these financial statements.

Statement of Comprehensive Income

	Note	2016 £	2015 £
Revenue		755,222	6,253,223
Expenses			
Personnel expenses	11	(66,444)	(3,908,577)
General and administrative expenses	12	(900,159)	(2,671,033)
Depreciation	5	(2,011)	(35,518)
Total operating expenses		(968,614)	(6,615,128)
Operating loss	13	(213,392)	(361,905)
Profit on disposal of business	16	1,357,890	6,875,740
Profit on sale of contract	17	1,261,280	-
SJP distributions		10,573	-
Finance income	14	7,888	6,783
Finance expense	15	-	(18,874)
Profit for the financial year before members' remuneration and profit shares		2,424,239	6,501,744
Members' remuneration charged as an expense		(593,000)	(3,421,794)
Profit available for distribution to members in accordance with the Partnership Agreement	18	1,831,239	3,079,950

There is no other comprehensive income for the year.

The notes on pages 11 to 24 are an integral part of these financial statements.

Renshaw Bay LLP
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For the year ended 31 December 2016

Statement of Changes in Equity

Year to 31 December 2016

		Members' equity	Other reserves	Total members' equity
	Note	£	£	£
Balance as at 31 December 2014		27,952,449	(19,693,702)	8,258,747
Profit for the year		-	3,079,950	3,079,950
Allocation of losses		-	46,702	46,702
Balance as at 31 December 2015		27,952,449	(16,567,050)	11,385,399
Members capital repaid	10	(1,500,000)	-	(1,500,000)
Profit for the year		-	1,831,239	1,831,239
Balance as at 31 December 2016		26,452,449	(14,735,811)	11,716,638

The notes on pages 11 to 24 are an integral part of these financial statements.

Statement of Cash Flows

	Note	2016 £	2015 £
Cash flow from operating activities			
Cash generated/(utilised) from operations	19	142,549	(3,243,209)
Net cash inflow/(outflow) from operating activities		142,549	(3,243,209)
Cash flow from investing activities			
Proceeds from sale of fixed assets		2,152	5,070
Purchase of intangible assets		-	(173,726)
Interest income	14	7,888	6,783
Interest expense	15	-	(18,874)
Proceeds on sale of contracts	17	1,261,280	-
Proceeds from SJP distributions		39,141	-
Proceeds received on disposal of business	16	861,111	5,875,740
Net cash inflow from investing activities		2,171,572	5,694,993
Cash flows from financing activities			
Capital contributions received from members	10	-	10,000
Repayment of capital to members	10	(1,500,000)	(73,298)
Other transactions with members	10	877	62,337
Net cash outflow from financing activities		(1,499,123)	(961)
Net increase in cash and cash equivalents		814,998	2,450,823
Cash and cash equivalents at beginning of the year		9,487,182	7,036,359
Cash and cash equivalents at the end of the year	7	10,302,180	9,487,182

The notes on pages 11 to 24 are an integral part of these financial statements.

Notes to the Financial Statements

1. Reporting entity

Renshaw Bay LLP (the "Partnership") is a limited liability partnership formed in England and Wales.

The address of its registered office is 4th Floor, Reading Bridge House, George Street, Reading, RG1 8LS. The Partnership's principal activities are that of providing investment advisory and marketing support services to funds and other investment accounts. The Partnership became authorised as a CPM BIPRU Firm (under which authorisation it acted as an Alternative Investment Fund Manager or AIFM) on 04 August 2014. The Partnership ceased to be so authorised by the Financial Conduct Authority on 16 December 2016.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements, which have been consistently applied to all the periods presented, are set out below:

2.1 Basis of presentation

The Partnership's financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union, IFRIC Interpretations, the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 and where appropriate the Statement of Recommended Practice – "Accounting by Limited Liability Partnerships" issued in March 2010.

Following the sale of the business unit in 2015 and service terminations and intra-group transfers in 2016 the members have decided that the Partnership will no longer perform investment advisory and marketing support services in respect of funds and investment accounts, and accordingly determined that the going concern basis for accounting is no longer appropriate. Consequently the financial statements for the year ending 31 December 2016 have been prepared on a basis other than going concern. Fixed assets have been fully depreciated to their realisable value (£Nil) on the grounds that the Partnership is no longer performing any services, and current assets have been stated at realisable values. Creditors have been classified as current liabilities. The comparative financial information continues to be prepared on a going concern basis.

The financial statements have been prepared on under the historical cost convention and are presented in Pounds Sterling.

The Partnership classifies its expenses by the nature of expense method.

The statement of cash flow shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating, investing and financing activities are determined by using the indirect method.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Partnership's accounting policies. Any changes to assumptions may have a significant impact on the financial statements for the period over which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Partnership's financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Notes to the Financial Statements (continued)

2.1 Basis of presentation (continued)

Standards, amendments and interpretations effective on or after 1 January 2016

There are no standards, amendments and interpretations, which became effective for the first time for the financial period beginning on or after 1 January 2016 that would be expected to have a material impact on the Partnership.

Standards and Interpretations issued but not yet adopted

IFRS 9 Financial Instruments

IFRS 9 replaces parts of IAS 39 that addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The standard is expected to become effective for annual periods beginning January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18 and IAS 11 and applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard will establish a more systematic approach for revenue measurement and recognition.

The standard is expected to become effective for annual periods beginning January 2018.

IFRS 16 Leases

IFRS 16 will replace IAS 17 and eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model. Applying the model, a lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard is expected to become effective for annual periods beginning January 2019.

IFRS 9, IFRS 15 and IFRS 16 are subject to endorsement from the European Union. Accordingly, the standards have not been applied in preparing these financial statements. The standards are relevant for the Partnership but are not expected to have significant effect on the financial statements.

The Partnership is currently considering the implications of these standards, assessing the impact that these standards will have on the financial position and performance and the timing of their adoption. Based on the preliminary analysis, no material impact is expected.

Early adoption of standards

The Partnership did not adopt new or amended standards in 2016 that have yet to become effective.

Notes to the Financial Statements (continued)

2.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Partnership are measured in Pounds Sterling, being the currency of the primary economic environment in which the Partnership operates (the functional currency).

Transactions and balances

Foreign currency transactions are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the relevant transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Revenue recognition

Revenue represents fees receivable from the supply of investment management and advisory services, and placement fees for sourcing additional investment. These are recognised net of Value Added Tax.

Revenue is accounted for on an accruals basis.

2.4 Employee benefits

The Partnership operates a defined contribution scheme for the benefit of its employees, under which the Partnership pays fixed contributions into a separate entity and will have no legal obligation to pay further amounts. Contributions payable are charged to the income statement in the year they are payable. The scheme was terminated on 31 March 2016.

2.5 Interest

Interest receivable and payable are recognised on an accruals basis.

2.6 Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.7 Trade and other receivables

Trade and other receivables are recognised at cost less any provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the original carrying amount and the recoverable amount and this difference is recognised in the statement of comprehensive income.

Notes to the Financial Statements (continued)

2.8 Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest and are recognised on an accruals basis.

2.9 Property, plant and equipment

All property, plant and equipment used by the Partnership are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Partnership and the cost of the item can be measured reliably.

Depreciation of assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Computer equipment: 3 years
- Office equipment: 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the statement of comprehensive income.

2.10 Taxation

No taxation is reflected in the financial statements as tax is borne by the individual members in a personal capacity on their attributable profit shares and not the Partnership.

2.11 Deferred compensation

The LLP has operated a remuneration policy whereby a portion of the total compensation for eligible members and employees is deferred over a three year vesting period and is subject to forfeiture. Any amounts not expensed would be disclosed as contingent liability.

2.12 Members' remuneration

Members' drawings are charged as a remuneration expense.

The allocation of profits is governed by Schedule 2 of the Partnership Agreement.

Notes to the Financial Statements (continued)

2.13 Members' capital

Members' capital that is not automatically repayable on retirement is classified as equity. Members' capital that is automatically repayable on retirement is classified as a liability. Members' capital, whether classified as equity or a liability is not interest bearing.

3. Financial risk management

The Partnership's activities expose it to a variety of financial risks, such as foreign exchange, credit, liquidity and interest rate risk.

3.1 Foreign exchange risk

The Partnership's functional currency is Pound Sterling and therefore it is exposed to fluctuations in currencies other than Pound Sterling which it transacts in. The Partnership receives income and incurs expenses in currencies other than Pound Sterling. Where possible, non Pound Sterling income is used to cover non Pound Sterling expenses, any surplus non Pound Sterling amounts are converted to Pound Sterling as they arise in order to minimise the Partnership's foreign exchange risk.

3.2 Credit risk

Credit risk is the risk that counterparties, customers or clients of the Partnership default in payments owed to the Partnership that could result in the Partnership suffering a loss.

The Partnership's core business is primarily to advise and/or manage investment funds, or to advise other Renshaw Bay companies on investment decisions. As a result the Partnership is not exposed to any material third party credit risk as the majority of the receivables are due from related companies.

3.3 Liquidity risk

Liquidity risk is the risk that the Partnership is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments or other cash flows.

The Partnership maintains appropriate cash reserves to meet funding requirements if necessary.

3.4 Market risk

Market risk is the risk that market conditions lead to a reduction in revenues earned by the Partnership. As the Partnership does not actively trade in markets, there is no direct market risk.

3.5 Interest rate risk

Interest rate risk is the risk that changes in interest rates will result in higher financing costs or reduced income from the Partnership's interest bearing financial assets and liabilities.

The Partnership's interest rate risk on interest income arises from deposits held with counterparties. The interest rate risk arising on interest income is immaterial.

The Partnership does not have any borrowings and finances its operations through capital contributions made by its parent company.

Notes to the Financial Statements (continued)

3.6 Capital management

The Partnership's objectives when managing capital have been to safeguard the Partnership's ability to continue as a going concern in order to provide returns for members and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

4. Critical accounting estimates and judgments

The Partnership's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management's judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Partnership determines estimates and assumptions that affect the reported amounts of assets and liabilities for the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. The application of accounting policies and management's judgements for certain items are especially critical for the Partnership's results and financial situation due to their materiality. No estimates are considered critical in the preparation of these financial statements.

5. Property, plant and equipment

	Computer equipment £	Office equipment £	Total £
Cost			
Opening balance at 1 January 2016	81,941	30,164	112,105
Balance as at 31 December 2016	81,941	30,164	112,105
Accumulated depreciation			
Opening balance at 1 January 2016	79,930	30,164	110,094
Charge for the year	2,011	-	2,011
Balance as at 31 December 2016	81,941	30,164	112,105
Net book value at 31 December 2016	-	-	-
Net book value at 31 December 2015	2,011	-	2,011

Notes to the Financial Statements (continued)

6. Investments

	2016	2015
	£	£
Opening balance at 1 January	58,130	-
Additions	-	55,650
Disposals	(28,568)	-
Revaluation (loss)/gain	(7,755)	2,480
Total investments	21,807	58,130

The investments are limited partner interests in RB St James's Place L.P. and RB St James's Place 2 LP (together "SJP"), which reverted to the Partnership during 2015 in connection with the vesting terms of the original awards under the Partnership's deferred compensation scheme.

7. Cash and cash equivalents

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

	2016	2015
	£	£
Cash at bank	10,302,180	9,487,182
Total cash and cash equivalents	10,302,180	9,487,182

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

8. Trade and other receivables

Due within one year	2016	2015
	£	£
Amounts due from other related parties (note 20)	70,057	58,402
Other receivables	1,182,571	461,266
Amounts due from Renshaw Bay Ltd (note 20)	439,522	-
Other taxes and social security costs	49,082	-
Prepayments and accrued income	61,740	794,007
Total trade and other receivables	1,802,972	1,313,675

Amounts due from other Renshaw Bay entities are unsecured, interest free and repayable on demand.

Due after one year	2016	2015
	£	£
Other receivables	-	1,000,000
Total trade and other receivables	-	1,000,000

£1,000,000 of the upfront cash consideration received by the Partnership under the GAM Sale was placed in escrow to satisfy potential claims under the transaction documentation that are notified within three years of completion. In view of the nature of the warranties and future obligations under the transaction documentation, the members judge the likelihood of any such claim under the transaction documentation to be remote.

Notes to the Financial Statements (continued)

9. Trade and other payables

	2016 £	2015 £
Trade payables	74,659	25,991
Amounts due to Renshaw Bay Ltd (note 20)	-	73,091
Other payables	-	130
Other taxes and social security costs	-	104,841
Amounts due to members (note 10)	20,000	-
Accrued wind up costs	150,000	-
Accrued expenses	111,800	198,561
Total trade and other payables	356,459	402,614

Due after one year	2016 £	2015 £
Amounts due to members (note 10)	-	20,000
Total trade and other payables	-	20,000

Trade payables are unsecured, interest free and payable in the short term.

Amounts due to Renshaw Bay entities are unsecured, interest free and repayable on demand.

10. Equity

	Members' other interests			Loans and other debts due to members less any amounts due (from)/to members	
	Members' capital classified as equity	Other reserves	Total		Total
	£	£	£	£	£
Balance as at 1 January 2015	27,952,449	(19,693,702)	8,258,747	120,648	8,379,395
Profit for the financial year available for division among members pursuant to the Partnership Agreement	-	6,501,744	6,501,744	-	6,501,744
Members' interests after loss for the year	27,952,449	(13,191,958)	14,760,491	120,648	14,881,139
Introduced by members	-	-	-	10,000	10,000
Members' remuneration charged as an expense	-	(3,421,794)	(3,421,794)	-	(3,421,794)
Capital returned	-	-	-	(120,000)	(120,000)
Allocation of losses	-	46,702	46,702	-	46,702
Other movements	-	-	-	62,337	62,337
Amounts due to members				52,985	
Members' capital classified as a liability				20,000	
Balance as at 31 December 2015	27,952,449	(16,567,050)	11,385,399	72,985	11,458,384

Notes to the Financial Statements (continued)

10. Equity (continued)

	Members' other interests			Loans and other debts due to members less any amounts due (from)/to members	Total
	Members' capital classified as equity	Other reserves	Total		
	£	£	£	£	£
Balance as at 1 January 2016	27,952,449	(16,567,050)	11,385,399	72,985	11,458,384
Profit for the financial year available for division among members pursuant to the Partnership Agreement	-	2,424,239	2,424,239	-	2,424,239
Members' interests after profit for the year	27,952,449	(14,142,811)	13,809,638	72,985	13,882,623
Introduced by members					
Members' remuneration charged as an expense	-	(593,000)	(593,000)	-	(593,000)
Capital returned	(1,500,000)	-	(1,500,000)	-	(1,500,000)
Allocation of Losses	-	-	-	-	-
Other movements	-	-	-	877	877
Amounts due to members				53,862	
Members' capital classified as a liability				20,000	
Balance as at 31 December 2016	26,452,449	(14,735,811)	11,716,638	73,862	11,790,500

In the event of winding up, the unsecured creditors of the Partnership will be paid before members' items under 'loans and other debts due to members' are paid.

The allocation of losses relates to losses allocated to former members of the Partnership in excess of their capital contributions.

Notes to the Financial Statements (continued)

11. Personnel expenses

	2016	2015
	£	£
Wages and salaries	26,615	3,114,632
Social security costs	5,700	359,602
Redundancy costs	-	186,024
Other staff costs	34,129	248,319
Total personnel expenses	66,444	3,908,577

The monthly average number of employees during the year	<u>1</u>	<u>24</u>
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12. General and administrative expenses

	2016	2015
	£	£
Property expenses	626	14,716
Office expenses	11,357	119,070
Travel and entertainment	2,830	86,245
IT systems and market data	99,890	696,996
Legal and professional	726,457	329,717
Recharges from Renshaw Bay (UK) Limited (note 20)	8,001	981,969
Wind up costs	150,000	-
Other expenses	(99,002)	442,320
Total general and administrative expenses	900,159	2,671,033

13. Operating loss

The following items have been included in arriving at operating loss:	2016	2015
	£	£
Auditors' remuneration:		
- fees payable to the auditors for audit of financial statements	24,000	33,600
- fees payable to the auditors for other services – tax services	247,723	30,000
- fees payable to the auditors for other services – regulatory services	-	5,250
Depreciation	2,011	35,518
Foreign exchange gain	(101,045)	(66,034)

14. Finance income

	2016	2015
	£	£
Interest received	7,888	6,783
Total finance income	7,888	6,783

Notes to the Financial Statements (continued)

15. Finance expense

	2016	2015
	£	£
Interest payable	-	18,874
Total finance expense	-	18,874

16. Profit on disposal of business

	2016	2015
	£	£
Net disposal consideration	1,357,890	6,875,740
Net Profit	1,357,890	6,875,740

As noted under "Review of business" on page 1 above, on 9 August 2015, the Partnership and Renshaw Bay Ltd. (the "Sellers") agreed the sale of the principal assets of their real estate finance business to companies in the group headed by GAM Holding AG (the "GAM Sale"). The Partnership's principal consideration for the sale was made up of upfront cash payments totalling £7,400,000 (less transaction expenses), contingent annual amounts over a period of five years based on an earn-out defined in terms of revenues and costs of the business transferred, and a share in future performance fees arising from one of the investment management agreements transferred. In 2016, the Partnership received additional consideration from Renshaw Bay Ltd. for the transfer of the right to receive the contingent annual amounts and the REFS Performance Share.

As at 31 December 2016, £496,779 of the above amount was outstanding as a receivable within Amounts due from Renshaw Bay Ltd.

17. Profit on sale of contracts

	2016	2015
	£	£
Marketing & Revenue Sharing Arrangements sale	1,261,280	-
Net profit	1,261,280	-

Please see "Review of business" on page 1 above for further information.

18. Members' remuneration

	2016	2015
	£	£
Profit for the financial year available for distribution among members pursuant to the Partnership Agreement	1,831,239	3,079,950
The average number of members during the year	3	12

Notes to the Financial Statements (continued)

19. Cash utilised from operations

	2016 £	2015 £
Profit before income tax	1,831,239	3,079,950
Adjustments for:		
- finance income	(7,888)	(6,783)
- finance expense	-	18,874
- depreciation	2,011	35,518
- disposal of business unit	(1,357,890)	(6,875,740)
- disposal of contracts	(1,261,280)	-
- SJP distributions	(10,573)	-
- amortisation	-	143,430
- (profit)/loss on disposal of property, plant and equipment	(2,152)	2,493
- revaluation loss/(gain) in investments	7,755	(2,480)
- investment arising as a result of personnel leaving the Partnership	-	(55,650)
- write off of intangible asset	-	1,010,262
- write off of provisions	-	(486,563)
Changes in working capital:		
- trade and other receivables	1,007,482	1,507,915
- trade and other payables	(66,155)	(1,065,974)
- provisions	-	(548,461)
Cash generated/(utilised) from operations	142,549	(3,243,209)

20. Related party transactions

Renshaw Bay Ltd, an entity incorporated in Guernsey, is the ultimate controlling party of the Partnership. During the year, the Partnership earned management fees of £Nil (2015: £2,252,562) in respect of investment management and advisory services provided to Renshaw Bay Ltd. The fees receivable have been offset by intercompany settlements of £Nil (2015: £3,531,271) and expenses incurred by the Partnership on behalf of Renshaw Bay Ltd of £15,834 (2015: £567,218 incurred by Renshaw Bay Ltd on behalf of the Partnership). At the year end, £439,522 was owed to the Partnership (2015: £73,091 was owed by the Partnership).

Renshaw Bay (UK) Limited is the Managing Member and immediate parent undertaking of the Partnership. During the year, Renshaw Bay (UK) Limited recharged expenses to the Partnership amounting to £8,001 (2015: £981,969). The amounts receivable were offset by funding provided by the Partnership. At the year end, £53,862 (2015: £52,985) was still owed by the Partnership.

Notes to the Financial Statements (continued)

20. Related party transactions (continued)

Renshaw Bay Advisors LLC, an entity incorporated in the USA, is a wholly owned subsidiary of the Partnerships' ultimate controlling party, Renshaw Bay Ltd. During the year, the Partnership incurred expenses on behalf of Renshaw Bay Advisors LLC in the amount of £Nil (2015: £41,549). As a result of foreign currency revaluations, at the year end £70,057 (2015: £58,402) was still owed to the Partnership.

RB SFO 1 Ltd, an entity incorporated in the United Kingdom, is a wholly owned subsidiary of the Partnerships' ultimate controlling party, Renshaw Bay Ltd. During the year, the Partnership incurred expenses on behalf of RB SFO 1 Ltd in the amount of £Nil (2015: £4,109), which are offset by VAT refunds collected amounting to £Nil (2015: £496) and settlements received. At the year end, there were no amounts outstanding (2015: £Nil).

RB SFO 2 Ltd, an entity incorporated in the United Kingdom, is a wholly owned subsidiary of the Partnerships' ultimate controlling party, Renshaw Bay Ltd. During the year, the Partnership incurred expenses on behalf of RB SFO 2 Ltd in the amount of £Nil (2015: £4,109) which are offset by VAT refunds collected amounting to £Nil (2015: £496) and settlements received. At the year end there were no amounts outstanding (2015: £ Nil).

RB SFO LLP, an entity incorporated in the United Kingdom, is a wholly owned subsidiary of the Partnerships' ultimate controlling party, Renshaw Bay Ltd. During the year, the Partnership earned management fees of £Nil (2015: £1,655,148) in respect of investment management and advisory services provided to RB SFO LLP. At the year end there were no amounts outstanding to the Partnership (2015: £Nil).

RB REFS 1 Ltd, an entity incorporated in the United Kingdom, was, until its transfer to the GAM group on completion of the GAM Sale on 2 October 2015, a wholly owned subsidiary of the Partnerships' ultimate controlling party, Renshaw Bay Ltd. During the year, the Partnership incurred expenses on behalf of RB REFS 1 Ltd in the amount of £Nil (2015: £13) which were offset by VAT refunds collected amounting to £Nil (2015: £50) on behalf of RB REFS 1 Ltd and settlements received. At the year end there were no amounts outstanding (2015: £Nil).

RB REFS 2 Ltd, an entity incorporated in the United Kingdom, was, until its transfer to the GAM group on completion of the GAM Sale on 2 October 2015, a wholly owned subsidiary of the Partnerships' ultimate controlling party, Renshaw Bay Ltd. During the year, the Partnership incurred expenses on behalf of RB REFS 2 Ltd in the amount of £Nil (2015: £13) which were offset by VAT refunds collected amounting to £Nil (2015: £50) on behalf of RB REFS 2 Ltd and settlements received. At the year end there were no amounts outstanding (2015: £Nil).

RB GP4 LLP, an entity incorporated in the United Kingdom, was, until its transfer to the GAM group on completion of the GAM Sale on 2 October 2015, a wholly owned subsidiary of the Partnerships' ultimate controlling party, Renshaw Bay Ltd. During the year the Partnership earned management fees totalling £Nil (2015: £115,255). At the year end there were no amounts outstanding (2015: £Nil).

During the prior year, the Partnership engaged the services of a recruitment agency in which the wife of one of the former members of the Partnership is a partner. The cost of the services provided to the Partnership amounted to £Nil (2015: £40,000). At the year end no amounts were outstanding (2015: £Nil).

Notes to the Financial Statements (continued)

21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Renshaw Bay (UK) Limited. This is the smallest group for which consolidated financial statements are prepared.

The ultimate parent undertaking and controlling party is Renshaw Bay Ltd, an entity incorporated in Guernsey. The registered office address of the ultimate parent company is, Redwood House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA.

22. Commitments

As at 31 December 2016, the Partnership was not committed to any capital or operating lease expenditure.

23. Approval of financial statements

The financial statements were authorised for issue on 1 March 2017 by the designated members.