

Renshaw Bay LLP

Registered Number: OC362386

Members' Report and Financial Statements

For the year ended 31 December 2014



Table of Contents

	Page
Members' Report	1
Independent Auditors' Report to the members of Renshaw Bay LLP	4
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows.....	9
Notes to the Financial Statements.....	10

Renshaw Bay LLP
Registered number OC362386
For the year ended 31 December 2014

Administrative Information

Members

E Ciampichetti
I Farinola
A Gordon
P Groundwater
A Gulati
A Johnson
J Rickert
P Rosenbauer
B Sankey
V Thirunamachandran
M Williamson
W Winters
Renshaw Bay (UK) Limited
Brumaire Investments 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 2014.

Principal activities

The principal activity of the Partnership in the year was the provision of investment management and advisory services to various funds and investment vehicles.

Results for the year and allocations to members

The loss for the year available for discretionary division among members was £5,087,229 (2013: £8,037,189) as shown on page 7 and no profit distributions were made to members during the year. The Partnership's statement of financial position shows total members' interests of £8,379,395 (2013: £8,782,476) which is in line with the members' expectations.

Review of business

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

On 26 February 2015 W Winters announced his intention to resign as a member of Renshaw Bay LLP and leave the Partnership at the end of May 2015. As a result management, in conjunction with key stakeholders, have commenced a high level review of the business and possible succession plans. Whilst as at the date of approval of the financial statements this process is ongoing, management have a reasonable expectation that the Partnership has adequate resources to meet its liabilities as they fall due for the foreseeable future. Hence these financial statements have been prepared on the going concern basis.

Members

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

E Ciampichetti
A Gordon
P Groundwater
A Gulati
I Farinola
A Johnson
J Novarro (resigned 31 December 2014)
J Rickert
P Rosenbauer
B Sankey
M Sotti (resigned 30 January 2014)
V Thirunamachandran
M Williamson
W Winters *
Renshaw Bay (UK) Limited *
Brumaire Investments Limited

* denotes designated member

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

Members' Report (continued)

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 decided by the Managing Member and governed by the amended Partnership agreement dated 12 August 2013.

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

Policies for members' drawings, subscriptions and repayment of members' capital are governed by the amended Partnership agreement dated 12 August 2013, and their respective terms of admission.

Going Concern

These financial statements have been prepared on the going concern basis. The members believe that this is appropriate as they have a reasonable expectation that the Partnership has adequate resources to meet its liabilities as they fall due for the foreseeable future. In making this determination a review of the business in light of Mr Winters' resignation has been undertaken.

Financial risk management

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

Pillar 3

Details of the Partnership's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU") are posted on www.renshawbay.com.

UK Stewardship Code

Details of the Partnership's commitment to the UK Stewardship code, required under Rule 2.2.3R of the Financial Conduct Authority's Conduct of Business Sourcebook are posted on www.renshawbay.com.

Remuneration code disclosures

Details of the Partnership's unaudited remuneration code disclosures, required under Rule 11.5.18 and SYSC 19A of the Financial Conduct Authority's Conduct of Business Sourcebook are posted on www.renshawbay.com.

Members' Report (continued)

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.

Disclosure of information to the auditors

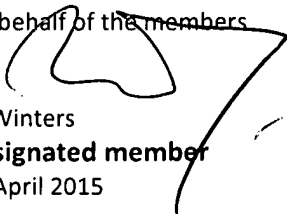
The members who were members of the Partnership at the time of approving the members' report are listed on page 1. Each of these members confirms that:


- 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.

Independent auditors

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

On behalf of the members


W Winters
Designated member
16 April 2015



P Groundwater
Member
16 April 2015

Independent Auditors' Report to the members of Renshaw Bay LLP

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2014 and of its loss 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Renshaw Bay LLP, comprise:

- the statement of financial position as at 31 December 2014;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity 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 their preparation is applicable law and IFRSs as adopted by the European Union.

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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 designated members; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Members' Report and financial statements 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.

Independent Auditors' Report to the members of Renshaw Bay LLP (continued)

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.

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 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.



Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

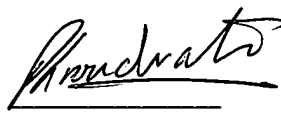
16 April 2015

Statement of Financial Position

	Note	2014 £	2013 £
Assets			
Non-current assets			
Property, plant and equipment	5	45,092	90,770
Intangible assets	6	979,966	-
Total non-current assets		1,025,058	90,770
Current assets			
Trade and other receivables	8	2,821,590	1,114,566
Amounts due from members	11	9,352	13,307
Cash and cash equivalents	7	7,036,359	9,232,352
Total current assets		9,867,301	10,360,225
Total assets		10,892,359	10,450,995
Liabilities			
Current liabilities			
Trade and other payables	9	1,468,588	1,655,212
Amounts due to members	11	-	35,821
Provisions	10	777,325	-
Total current liabilities		2,245,913	1,691,033
Non-current liabilities			
Members' capital	11	130,000	150,000
Provisions	10	257,699	-
Total non-current liabilities		387,699	150,000
Capital and reserves			
Members' capital	11	27,952,449	16,219,750
Other reserves	11	(19,693,702)	(7,609,788)
Total members' equity	11	8,258,747	8,609,962
Total equity and liabilities		10,892,359	10,450,995
Total members' interests			
Members' equity	11	8,258,747	8,609,962
Members' capital classified as a liability	11	130,000	150,000
Amounts due to members	11	-	35,821
Amounts due from members	11	(9,352)	(13,307)
	11	8,379,395	8,782,476

The financial statements on pages 6 to 23 were approved by the members of the Partnership on 16 April 2015 and were signed on its behalf by:


W Winters
Designated member


P Groundwater
Member

The notes on pages 10 to 23 are an integral part of these financial statements.

Statement of Comprehensive Income

	Note	2014 £	2013 £
Revenue		6,055,128	2,547,169
Expenses			
Personnel expenses	12	(5,133,759)	(4,727,934)
General and administrative expenses	13	(2,827,430)	(3,226,192)
Depreciation	5	(55,335)	(54,692)
Total operating expenses		(8,016,524)	(8,008,818)
Operating loss	14	(1,961,396)	(5,461,649)
Finance income	15	6,106	9,946
Finance expense	16	(13,772)	-
Loss for the financial year before members' remuneration and profit shares		(1,969,062)	(5,451,703)
Members' remuneration charged as an expense		(3,118,167)	(2,585,486)
Loss for the year available for discretionary division among members		(5,087,229)	(8,037,189)

The loss for the year is derived from continuing activities.

There is no other comprehensive income for the year.

The notes on pages 10 to 23 are an integral part of these financial statements.

Statement of Changes in Equity

Year to 31 December 2014

	Note	Members' equity £	Other reserves £	Total members' equity £
Restated Balance as at 31 December 2012		11,470,000	(6,639,969)	4,830,031
Members capital introduced	11	4,749,750	7,750,250	12,500,000
Loss for the year		-	(8,037,189)	(8,037,189)
Capital Return		-	(704,876)	(704,876)
Allocation of losses		-	21,996	21,996
Balance as at 31 December 2013		16,219,750	(7,609,788)	8,609,962
Members capital introduced	11	4,719,944	-	4,719,944
Reclassification of other reserves		7,012,755	(7,012,755)	-
Loss for the year		-	(5,087,229)	(5,087,229)
Allocation of losses		-	16,070	16,070
Balance as at 31 December 2014		27,952,449	(19,693,702)	8,258,747

The notes on pages 10 to 23 are an integral part of these financial statements.

Statement of Cash Flows

	Note	2014 £	2013 £
Cash flow from operating activities			
Cash utilised from operations	18	(5,831,724)	(8,509,001)
Net cash outflow from operating activities		(5,831,724)	(8,509,001)
Cash flow from investing activities			
Purchase of fixed assets	5	(9,657)	(15,227)
Proceeds from sale of fixed assets		-	500
Purchase of intangible assets	6	(1,035,024)	-
Interest income	15	6,106	9,946
Interest expense	16	(13,772)	-
Net cash outflow from investing activities		(1,052,347)	(4,781)
Cash flows from financing activities			
Capital contributions received from members	11	4,719,944	12,560,000
Repayment of capital to members	11	-	(8,004)
Receipts from members	11	-	625,000
Payments to members	11	-	(394,900)
Other transactions with members	11	(31,866)	40,252
Net cash inflow from financing activities		4,688,078	12,822,348
Net (decrease) / increase in cash and cash equivalents		(2,195,993)	4,308,566
Cash and cash equivalents at beginning of the year		9,232,352	4,923,786
Cash and cash equivalents at the end of the year	7	7,036,359	9,232,352

The notes on pages 10 to 23 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 management and advisory services to various investors. The Partnership became an Alternative Investment Fund Manager ('AIFM') on 04 August 2014 and is regulated by the Financial Conduct Authority. The Partnership is authorised to conduct investment activities.

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 2014 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. They have been prepared on the going concern basis, 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.

Standards, amendments and interpretations effective on or after 1 January 2014

IFRS 12 - Disclosure of interests in other Entities

The objective of IFRS 12 is to require an entity to disclose information that enables users of its financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. To accomplish that objective, the standard requires disclosures about the entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities and significant judgements made in determining the accounting for interests in other entities and the determination that the entity is an investment entity.

The Partnership does not have any subsidiaries, associates or joint arrangements.

Notes to the Financial Statements (continued)

IFRS 12 - Disclosure of interests in other Entities (continued)

The Partnership provides investment management services to the following investment vehicles; Renshaw Bay Real Estate Finance Fund L.P., Renshaw Bay REF Strategies 1 L.P., Renshaw Bay Structured Finance Opportunity LP and Renshaw Bay SFO Strategies 1 LP.

The Partnership has reviewed the Standard to determine whether these Investment vehicles fall within the definition of a structured entity.

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding which entity controls it. Structured entities are generally created to achieve a narrow and well defined objective and there are specific restrictions around their ongoing activities.

The Partnership considers the "kick out rights" held by the Limited Partners to be the dominant factor in determining the control of the investment vehicles. As these rights are both currently exercisable and without significant barriers to their exercise the Partnership has determined that the investment vehicles are not structured entities and therefore the Partnership has not applied the disclosure requirements under IFRS 12.

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 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 2017.

Both IFRS 9 and IFRS 15 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 2014 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.

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 Provisions

Provisions recognised are in respect of success fees payable to placement agents arising from past events, where it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Movements in the provisions are recognised through the income statement.

2.10 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.

2.11 Intangible assets

Intangible assets relate to the capitalisation of success fees payable to placement agents. The assets are recognised at cost and amortised on a straight line basis over the life of the investment vehicle. The charge to the profit and loss account is offset against the management fee income received from investors in the investment vehicle.

2.12 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.

Notes to the Financial Statements (continued)

2.13 Deferred compensation

The LLP operates 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. The amounts not expensed are disclosed as contingent liability with note 19 of the financial statements.

2.14 Members' remuneration

Members drawings are charged as a remuneration expense.

The allocation of profits is governed by Schedule 2 of the amended Partnership agreement dated 12 August 2013.

2.15 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 are 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 Group 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 assesses its exposure to liquidity risk as part of its ICAAP process and maintains regulatory capital to cover the assessed risk of adverse changes in the value of the firm's assets. The Partnership also 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 the value of the funds under management and revenues earned by the Partnership. As the Partnership does not actively trade in markets, there is no direct market risk.

Notes to the Financial Statements (continued)

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.

3.6 Capital management

The Partnership's objectives when managing capital are 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.

The Partnership is subject to FCA capital requirements and accordingly maintains sufficient capital resources to meet this requirement and to support the Partnership's risk appetite and economic capital requirements.

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.

Notes to the Financial Statements (continued)

5. Property, plant and equipment

	Computer equipment £	Office equipment £	Total £
Cost			
Opening balance at 1 January 2014	136,162	34,649	170,811
Additions during the year	7,892	1,765	9,657
Disposals during the year	-	-	-
Balance as at 31 December 2014	144,054	36,414	180,468
Accumulated depreciation			
Opening balance at 1 January 2014	62,417	17,624	80,041
Charge for the year	44,455	10,880	55,335
Eliminated on disposal for the year	-	-	-
Balance as at 31 December 2014	106,872	28,504	135,376
Net book value at 31 December 2014	37,182	7,910	45,092
Net book value at 31 December 2013	73,745	17,025	90,770

6. Intangible assets

	Success fee £
Cost	
Opening balance at 1 January 2014	-
Additions during the year	1,035,024
Balance as at 31 December 2014	1,035,024
Accumulated amortisation	
Opening balance at 1 January 2014	-
Charge for the year	55,058
Balance as at 31 December 2014	55,058
Net book value at 31 December 2014	979,966
Net book value at 31 December 2013	-

The success fee is recognised at cost less amortisation.

Notes to the Financial Statements (continued)

7. Cash and cash equivalents

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

	2014	2013
	£	£
Cash at bank	7,036,359	9,232,352
Total cash and cash equivalents	7,036,359	9,232,352

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

	2014	2013
	£	£
Amounts due from Renshaw Bay Ltd	1,772,836	224,448
Amounts due from other related parties (Note 20)	16,853	286,087
Other receivables	352,335	125,457
Prepayments and accrued income	679,566	478,574
Total trade and other receivables	2,821,590	1,114,566

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

9. Trade and other payables

	2014	2013
	£	£
Trade payables	108,575	352,826
Amounts due to other related parties (Note 20)	29,683	-
Other payables	100,832	10,455
Other taxes and social security costs	107,952	109,106
Accrued expenses	1,121,546	1,182,825
Total trade and other payables	1,468,588	1,655,212

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

Notes to the Financial Statements (continued)

10. Provisions

	Success fee £
At 1 January 2014	-
Provided for during the year	1,035,024
At 31 December 2014	1,035,024

Analysis of total provisions:

	2014 £	2013 £
Current	777,325	-
Non-current	257,699	-
Total provisions	1,035,024	-

Provisions recognised are in respect of success fees payable to a placement agent.

11. 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 31 December 2012	11,470,000	(6,639,969)	4,830,031	(832,714)	3,997,317
Loss for the financial year available for discretionary division among members	-	(5,451,703)	(5,451,703)	-	(5,451,703)
Members' interests after loss for the year	11,470,000	(12,091,672)	(621,672)	(832,714)	(1,454,386)
Introduced by members	4,749,750	7,750,250	12,500,000	60,000	12,560,000
Members' remuneration charged as an expense	-	(2,585,486)	(2,585,486)	-	(2,585,486)
Capital returned	-	(704,876)	(704,876)	704,876	-
Withdrawn by members	-	-	-	(402,904)	(402,904)
Drawings repaid by members	-	-	-	625,000	625,000
Allocation of losses	-	21,996	21,996	(21,996)	-
Other movements	-	-	-	40,252	40,252
Amounts due to members				35,821	
Members' capital classified as a liability				150,000	
Amounts due from members				(13,307)	
Balance as at 31 December 2013	16,219,750	(7,609,788)	8,609,962	172,514	8,782,476

Notes to the Financial Statements (continued)

11. Equity (continued)

	Members' other interests		Total	Loans and other debts due to members less any amounts due (from)/to members	Total
	Members' capital classified as equity	Other reserves			
	£	£	£	£	£
Balance as at 31 December 2013	16,219,750	(7,609,788)	8,609,962	172,514	8,782,476
Loss for the financial year available for discretionary division among members	-	(1,969,062)	(1,969,062)	-	(1,969,062)
Members' interests after loss for the year	16,219,750	(9,578,850)	6,640,900	172,514	6,813,414
Introduced by members	4,719,944	-	4,719,944	-	4,719,944
Reclassification of other reserves	7,012,755	(7,012,755)	-	-	-
Members' remuneration charged as an expense	-	(3,118,167)	(3,118,167)	-	(3,118,167)
Capital returned	-	-	-	(3,930)	(3,930)
Allocation of Losses	-	16,070	16,070	(16,070)	-
Other movements	-	-	-	(31,866)	(31,866)
Members' capital classified as a liability				130,000	
Amounts due from members				(9,352)	
Balance as at 31 December 2014	27,952,449	(19,693,702)	8,258,747	120,648	8,379,395

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.

Renshaw Bay (UK) Limited, the immediate parent company of the Partnership made capital contributions of £719,944 on 24 October 2014 and £4,000,000 on 15 December 2014.

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)

12. Personnel expenses

	2014 £	2013 £
Wages and salaries	4,435,813	3,861,447
Social security costs	351,614	463,436
Other staff costs	346,332	403,051
Total personnel expenses	5,133,759	4,727,934
 The monthly average number of employees during the year	 32	 25

13. General and administrative expenses

	2014 £	2013 £
Property expenses	18,692	18,725
Office expenses	121,836	127,621
Travel and entertainment	274,128	449,191
IT systems and market data	560,327	633,847
Legal and professional	484,770	655,058
Recharges from Renshaw Bay (UK) Limited	1,077,419	1,036,689
Royalties	250,000	250,000
Other expenses	40,258	55,061
Total general and administrative expenses	2,827,430	3,226,192

14. Operating loss

The following items have been included in arriving at operating loss:

	2014 £	2013 £
Auditors' remuneration:		
- fees payable to the auditors for audit of financial statements	33,600	39,700
- fees payable to the auditors for other services – tax services	44,431	60,426
- fees payable to the auditors for other services – regulatory services	5,520	5,000
Depreciation	55,335	54,692
Foreign exchange (gain) / losses	(20,945)	13,836

Notes to the Financial Statements (continued)

15. Finance income

	2014	2013
	£	£
Interest received	6,106	9,946
Total finance income	6,106	9,946

16. Finance expense

	2014	2013
	£	£
Interest payable	13,772	-
Total finance expense	13,772	-

17. Members' remuneration

	2014	2013
	£	£
Loss for the financial year available for discretionary distribution among members	(5,087,229)	(8,037,189)
The average number of members during the year	16	16

18. Cash utilised from operations

	2014	2013
	£	£
Loss before income tax	(5,087,229)	(8,037,189)
Adjustments for:		
- finance income	(6,106)	(9,946)
- finance expense	13,772	-
- depreciation	55,335	54,692
- amortisation	55,058	-
- loss on disposal of property, plant and equipment	-	1,549
Changes in working capital:		
- trade and other receivables	(1,707,024)	(727,905)
- trade and other payables	(190,554)	209,798
- provisions	1,035,024	-
Cash utilised from operations	(5,831,724)	(8,509,001)

Notes to the Financial Statements (continued)

19. Contingent liabilities

As part of the Partnerships' remuneration policy, a portion of the total compensation will be deferred and subject to forfeiture. The Partnership will recognise the expense over the three year vesting period. The terms of the agreement with the eligible members and employees state that payments will depend on whether the individuals remain in the employment or membership of the Partnership, their performance over the vesting period and that the Partnership will retain ultimate discretion.

For the year ended 31 December 2014, the total compensation deferred and not reflected in these financial statements was £681,585 (2013: £795,543).

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 £3,847,388 (2013: £1,412,676) in respect of investment management and advisory services provided to Renshaw Bay Ltd. The fees receivable have been offset by expenses incurred by Renshaw Bay Ltd on behalf of the Partnership of £54,746 (2013: £9,515 incurred by Renshaw Bay Ltd on behalf of the Partnership). At the year end £1,772,836 (2013: £224,448) was still owed to 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 £1,077,419 (2013: £1,036,689). The amounts receivable were offset by funding provided by the Partnership. At the year end £9,352 was still owed to the Partnership (2013: £35,821 was owed to Renshaw Bay (UK) Limited).

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 £323,166 (2013: £285,487). At the year end £16,853 (2013: £285,487) 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 £13 (2013: £300), which are offset by VAT refunds collected amounting to £496 (2013: £Nil). At the year end the Partnership owed RB SFO 1 Ltd £183 (2013: £300 was owed to the Partnership).

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 £13 (2013: £300) which are offset by VAT refunds collected amounting to £496 (2013: £Nil). At the year end the Partnership owed RB SFO 2 Ltd £183 (2013: £300 was owed to the Partnership).

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 £673,042 (2013: £Nil) in respect of investment management and advisory services provided to RB SFO LLP. At the year end the Partnership owed RB SFO LLP £29,217 (2013: £Nil).

RB REFS 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 collected VAT refunds amounting to £50 on behalf of RB REFS 1 Ltd. At year end the Partnership owed RB REFS 1 Ltd £50 (2013: £Nil).

Notes to the Financial Statements (continued)

20. Related party transactions (continued)

RB REFS 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 collected VAT refunds amounting to £50 on behalf of RB REFS 2 Ltd. At year end the Partnership owed RB REFS 2 Ltd £50 (2013: £Nil).

During the year, the Group engaged the services of a recruitment agency in which the wife of one of the members of the Partnership is a partner. The cost of the services provided to the Partnership amounted to £35,000 (2013: £30,000). At the year end no amounts were outstanding (2013: £Nil).

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. Subsequent events

On 26 February 2015 W Winters announced his intention to step down from the role of CEO of Company at the end of May 2015.

23. Commitments

As at 31 December 2014, the Partnership was not committed to any capital or operating lease expenditure.

24. Approval of financial statements

The financial statements were authorised for issue on 16 April 2015 by the designated members.