Company Registration No. 08136849 (England and Wales)

SPIRE MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SPIRE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Mr P A Bennett-Britton Mr J B C Russell Mr O J Drummond Smith
Company number	08136849
Registered office	1st Floor 24 Grosvenor Street London United Kingdom W1K 4QN
Auditor	Azets Audit Services Athenia House 10-14 Andover Road Winchester Hampshire United Kingdom SO23 7BS
Solicitors	Travers Smith Solicitors 10 Snow Hill London United Kingdom EC1A 2AL

SPIRE MANAGEMENT LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activities of the company are that of investment management and advisory services predominantly to various CLO (Collateralised Loan Obligation) entities. In addition the company provides business and administrative support to group entities.

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £5,281,918. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P A Bennett-Britton
Mr J B C Russell
Mr O J Drummond Smith

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities. The Company was certified carbon neutral operations for 2020 by South Pole (an independent 3rd party sustainability solutions consultancy).

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr P A Bennett-Britton
Director

22 July 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SPIRE MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Spire Management Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF SPIRE MANAGEMENT LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council’s website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF SPIRE MANAGEMENT LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council’s website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Ian Talbot (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

22 July 2021

Chartered Accountants
Statutory Auditor

Athenia House
10-14 Andover Road
Winchester
Hampshire
United Kingdom
SO23 7BS

SPIRE MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	**3**	13,320,223	9,184,145
Cost of sales		(45,719)	(481,476)
Gross profit		13,274,504	8,702,669
Administrative expenses		(4,191,588)	(3,316,315)
Other operating income		-	62,800
Operating profit	**4**	9,082,916	5,449,154
Interest payable and similar expenses	**7**	(1,766,279)	(1,238,760)
Amounts written off investments	**8**	2,715,071	(3,909,717)
Profit before taxation		10,031,708	300,677
Tax on profit	**9**	(1,969,878)	(173,788)
Profit for the financial year		8,061,830	126,889

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SPIRE MANAGEMENT LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	**11**		312,217		359,976
Investments	**12**		93,584,696		84,327,344
			93,896,913		84,687,320
Current assets					
Debtors	**13**	2,839,091		4,376,399	
Cash at bank and in hand		2,512,907		2,252,813	
		5,351,998		6,629,212	
Creditors: amounts falling due within one year	**14**	(2,685,851)		(1,412,084)	
Net current assets			2,666,147		5,217,128
Total assets less current liabilities			96,563,060		89,904,448
Creditors: amounts falling due after more than one year	**15**		(82,909,015)		(78,701,048)
Provisions for liabilities					
Deferred tax liability	**17**	44,009		23,276	
			(44,009)		(23,276)
Net assets			13,610,036		11,180,124
Capital and reserves					
Called up share capital	**19**		9,370,087		9,720,087
Profit and loss reserves			4,239,949		1,460,037
Total equity			13,610,036		11,180,124

The financial statements were approved by the board of directors and authorised for issue on 22 July 2021 and are signed on its behalf by:

Mr P A Bennett-Britton
Director

Company Registration No. 08136849

SPIRE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2019		4,542,152	1,379,547	5,921,699
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	126,889	126,889
Issue of share capital	**19**	9,510,085	-	9,510,085
Dividends	**10**	-	(46,399)	(46,399)
Reduction of shares	**19**	(4,332,150)	-	(4,332,150)
Balance at 31 March 2020		9,720,087	1,460,037	11,180,124
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	8,061,830	8,061,830
Dividends	**10**	-	(5,281,918)	(5,281,918)
Redemption of shares	**19**	(350,000)	-	(350,000)
Balance at 31 March 2021		9,370,087	4,239,949	13,610,036

SPIRE MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**22**		10,030,826		3,024,173
Interest paid			(1,766,279)		(1,238,760)
Income taxes paid			(38,221)		(237,241)
Net cash inflow from operating activities			8,226,326		1,548,172
Investing activities					
Purchase of tangible fixed assets		-		(395,606)	
Loans repaid		(3,925,364)		(51,716,466)	
Purchase of investments		(6,542,281)			
Net cash used in investing activities			(10,467,645)		(52,112,072)
Financing activities					
Proceeds from issue of shares		-		1,421,511	
Redemption of shares		(350,000)		-	
New bank loans		8,133,331		49,665,399	
Dividends paid		(5,281,918)		(46,399)	
Net cash generated from financing activities			2,501,413		51,040,511
Net increase in cash and cash equivalents			260,094		476,611
Cash and cash equivalents at beginning of year			2,252,813		1,776,202
Cash and cash equivalents at end of year			2,512,907		2,252,813

1 Accounting policies

Company information

Spire Management Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor, 24 Grosvenor Street, London, United Kingdom, W1K 4QN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Covid-19 pandemic continues to drive some uncertainty in the markets in terms of some valuations, the Directors have carefully considered the risks as detailed in note 2. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is substantially derived from investment advisory agreements, investment management fees, interest and also, where specific transaction costs are incurred, recharged to their clients. Investment advisory and investment management income is recognised in accordance with the specific agreement. Interest is recognised as it is due. Income from recharged costs is recognised when the cost is incurred. Any income due but not received is accrued for and included within debtors in the financial statements.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office refit	10% - straight line
Office equipment	20% - reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Fixed asset investments

Investments in instruments which are not subsidiaries, associates or joint ventures, comprise certain tranches of investments, required by regulation to be held in the Collateralised Loan Obligations which are managed by the company.

Of these, investment tranches which have underlying assets which are not dependent on fixed rates of interest are initially measured at the transaction price and subsequently carried at fair value each balance sheet date with the changes in fair value being recognised in profit or loss.

Investment in debt tranches have underlying assets paying a fixed rate of interest and are initially valued at cost, and subsequently held at amortised cost.

Where non-cash collateral has been provided and the transferee has the right by contract or custom to sell or repledge the collateral, the asset will be reflected in the statement of financial position separately from other assets.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances and investments comprising debt tranches of the CLO funds which the company manages, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Other financial assets
Investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at the transaction price. Such assets, are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Factors considered include third party assessments of loan default rates in the appropriate market at the balance sheet date.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies **(Continued)**

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company’s accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of unlisted investments held at fair value

Such investments are a key element of the company's assets. Prices are provided by independent brokers and banks for those equity elements carried at fair value at each balance sheet date.

Default rates for underlying loans

The directors have used default rate assumptions and forecasts published by well-respected third party research providers and credit agencies and applied these to industry standard financial models built by third parties in order to determine whether the expected default rates require the assets to be impaired at the balance sheet date.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Default rate for loans

The directors have assumed stressed default rate scenarios of 5.25% on the underlying loans on investments held by the company for the next 12 months and then a return to 2% (being the long term market average). The company is required to hold these investments for the duration of the asset for regulatory reasons and the directors are comfortable on the basis of the model results that no impairment adjustment is required.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Interest received	3,049,924	2,367,243
Management fees	10,265,125	6,631,789
Services provided to parent entity	5,174	185,113
	13,320,223	9,184,145

	2021	2020
	£	£
Turnover analysed by geographical market		
UK	-	185,113
Europe	13,320,223	8,999,032
	13,320,223	9,184,145

4 Operating profit

	2021	2020
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	480,088	(23,448)
Research and development costs	261,945	138,156
Fees payable to the company's auditor for the audit of the company's financial statements	17,250	13,500
Depreciation of owned tangible fixed assets	47,759	35,630
Operating lease charges	219,111	229,965

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Directors	3	3
Administration and back office	13	12
Total	16	15

5 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,996,060	1,535,582
Social security costs	260,658	247,636
Pension costs	14,535	11,587
	2,271,253	1,794,805

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	300,000	300,000

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	100,000	100,000

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,766,279	1,238,760

8 Amounts written off investments

	2021	2020
	£	£
Amounts written back to/(written off) investments held at fair value	2,715,071	(3,909,717)

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	1,941,513	45,849
Adjustments in respect of prior periods	7,632	104,663
Total current tax	1,949,145	150,512
Deferred tax		
Origination and reversal of timing differences	20,733	23,276
Total tax charge	1,969,878	173,788

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	10,031,708	300,677
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,906,025	57,129
Tax effect of expenses that are not deductible in determining taxable profit	16,154	12,097
Tax effect of income not taxable in determining taxable profit	10,569	-
Permanent capital allowances in excess of depreciation	29,499	-
Under/(over) provided in prior years	7,631	104,562
Taxation charge for the year	1,969,878	173,788

10 Dividends

	2021	2020
	£	£
Interim paid	5,281,918	46,399

11 Tangible fixed assets

	Office refit	Office equipment	Total
	£	£	£
Cost			
At 1 April 2020 and 31 March 2021	256,436	139,170	395,606
Depreciation and impairment			
At 1 April 2020	17,003	18,627	35,630
Depreciation charged in the year	23,657	24,102	47,759
At 31 March 2021	40,660	42,729	83,389
Carrying amount			
At 31 March 2021	215,776	96,441	312,217
At 31 March 2020	239,433	120,543	359,976

12 Fixed asset investments

	2021	2020
	£	£
Unlisted investments	93,584,696	84,327,344

Fixed asset investments revalued

Certain investments with a value of £7,375,557 (2020 - £3,767,443) are held on the balance sheet at fair value, as described in note 1.5. Any gains or losses are charged to the profit and loss account. Fair value is measured at the market price at the balance sheet date.

Fixed asset investments not carried at market value

Debt tranches held amounting to £86,209,139 (2020 - £80,559,901) are included in the balance sheet at cost, less impairment where necessary. At neither 31 March 2021 nor 31 March 2020 has such impairment been required.

Financial assets pledged as collateral

Investments are in relation to securities with a purchase price of €109,839,283 (2020 - €88,851,770). These assets are held as collateral for loan obligations. The loan obligations are secured against the securities and any default remains the responsibility of the company.

12 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investments other than loans
	£
Cost or valuation	
At 1 April 2020	84,327,344
Additions	6,542,281
Valuation changes	2,715,071
At 31 March 2021	93,584,696
Carrying amount	
At 31 March 2021	93,584,696
At 31 March 2020	84,327,344

13 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	4,943	165
Amounts owed by group undertakings	172,387	1,189,514
Other debtors	324,913	314,829
Prepayments and accrued income	2,336,848	2,485,299
	2,839,091	3,989,807

	2021	2020
Amounts falling due after more than one year:	£	£
Corporation tax recoverable	-	386,592
Total debtors	2,839,091	4,376,399

14 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	160,430	93,029
Corporation tax	1,941,513	417,181
Other taxation and social security	65,560	62,371
Other creditors	1,175	354,761
Accruals and deferred income	517,173	484,742
	2,685,851	1,412,084

15 Creditors: amounts falling due after more than one year

	Notes	2021	2020
		£	£
Bank loans and overdrafts	16	82,909,015	78,701,048

16 Loans and overdrafts

	2021	2020
	£	£
Bank loans	82,909,015	78,701,048
Payable after one year	82,909,015	78,701,048

Borrowings relate to loan obligations secured against collateral securities and any default remains the responsibility of the company.

All bank loans are repayable after more than 5 years and not by instalments.

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021	Liabilities 2020
Balances:	£	£
ACAs	44,237	23,500
Retirement benefit obligations	(228)	(224)
	44,009	23,276

17 Deferred taxation **(Continued)**

Movements in the year:	**2021** **£**
Liability at 1 April 2020	23,276
Charge to profit or loss	20,733
Liability at 31 March 2021	44,009

18 Retirement benefit schemes

Defined contribution schemes	**2021** **£**	**2020** **£**
Charge to profit or loss in respect of defined contribution schemes	14,535	11,587

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2021 **£**	**2020** **£**
Ordinary share capital		
Issued and fully paid		
210,002 Ordinary of £1 each	210,002	210,002
3,051,918 Redeemable B Shares of €1 each	2,529,500	2,529,500
4,500,000 Redeemable C Shares of €1 each	3,729,704	3,729,704
3,500,000 Redeemable D Shares of €1 each	2,900,881	2,900,881
0 (2020: 350,000) Redeemable X shares of £1 each	-	350,000
	9,370,087	9,720,087

19 Share capital **(Continued)**

	2021	2020
	£	£

On 31 March 2021, 350,000 X shares of £1 each were redeemed for £350,000.

Ordinary shares
Each share carries one vote on a written resolution and rank pari passu as respect of dividend distributions and capital distribution other than on winding up.

Redeemable shares
Each share carries one vote at a meeting of the same class of share and no right to vote or attend at general meetings.
Shares are entitled to participate in dividends and other distributions provided each share is entitled pari passu to a dividend of an equal amount of income or capital proceeds received by the company in respect of the CLO investment.
The company may redeem any or all of the shares within 45 days upon giving written notice to the relevant holder of the shares. The company shall redeem the shares upon written notice to the holders of the shares within 45 days of the quarter end in which the company received the proceeds from the underlying CLO.

20 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	256,676	149,728
Between two and five years	1,026,704	727,249
In over five years	770,028	513,352
	2,053,408	1,390,329

21 Ultimate controlling party

The company is a subsidiary of Spire Partners LLP, whose registered office is 1st Floor, 24 Grosvenor Street, London, W1K 4QN, and which is the smallest and largest entity for which group accounts are made up.

22 Cash generated from operations

	2021	2020
	£	**£**
Profit for the year after tax	8,061,830	126,889
Adjustments for:		
Taxation charged	1,969,878	173,788
Finance costs	1,766,279	1,238,760
Depreciation and impairment of tangible fixed assets	47,759	35,630
Amounts written off investments	(2,715,071)	3,909,717
Movements in working capital:		
Decrease/(increase) in debtors	1,150,716	(2,379,221)
Decrease in creditors	(250,565)	(81,390)
Cash generated from operations	10,030,826	3,024,173

23 Analysis of changes in net debt

	1 April 2020	Cash flows	31 March 2021
	£	**£**	**£**
Cash at bank and in hand	2,252,813	260,094	2,512,907
Borrowings excluding overdrafts	(78,701,048)	(4,207,967)	(82,909,015)
	(76,448,235)	(3,947,873)	(80,396,108)