Company registration number 08136849 (England and Wales)

SPIRE MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

SPIRE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Mr P A Bennett-Britton Mr J B C Russell Mr O J Drummond Smith
Secretary	Mr J B C Russell
Company number	08136849
Registered office	1st Floor 24 Grosvenor Street London United Kingdom W1K 4QN
Auditor	Azets Audit Services 2nd Floor Regis House 45 King William Street London United Kingdom EC4R 9AN
Solicitors	Dechert LLP 25 Cannon Street London United Kingdom EC4M 5UB

SPIRE MANAGEMENT LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	12
Statement of cash flows	12
Notes to the financial statements	13 - 29

SPIRE MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present the strategic report for the year ended 31 March 2024.

Strategy

Spire Management Limited is an asset management business focused on the European non-investment grade credit market.

The Company is the collateral manager to 11 Collateralised Loan Obligations, a CLO warehouse and investment manager of a multi-asset credit fund, which combined total in excess of €4.5 billion of AUM.

Business Review

The Company continued to operate profitably throughout the year and there has been no significant changes to the Company's business during the year.

Key performance indicators

	2024	**2023**	**Change**	**Change**
	£'000	£'000	£'000	%
Turnover	31,228	24,305	6,923	28.48%
Net Assets	19,571	16,438	3,133	19.06%

In reviewing strategy and operations, the Board remain focused on continuing to build a sustainable and robust business for the future.

Principal Risks and Uncertainties

The principal business of the Company is the management of Collateralised Loan Obligations and, as such, there are a number of business and market risks that could limit its ability to grow, including general uncertainty within the credit markets. The Board's view is that the business has grown sustainably over time and is in a position and adequately resourced to withstand general market disruption.

Business and Future Developments

For the year to 31 March 2025, the Company remains focused on sustainable growth within the European non-investment grade credit market.

Statement by the directors relating to their statutory duties under s172(1) Companies Act 2006

The Board of Directors considers, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having full regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ending 31 March 2024; and in so having regards, amongst other matters to:

(a) the likely consequences of any decisions in the long term,
(b) the interests of the company's employees,
(c) the need to foster the company's business relationships with suppliers, customers and others,
(d) the impact of the company's operations on the community and the environment,
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and
(f) the need to act fairly as between members of the company.

The Board has developed a rolling business plan which is based around achieving our long-term goal of being regarded as a leading Asset Management business focused on European non-investment grade credit.

Furthermore, the Board exercises a proactive approach to any changes in economic, market and trading conditions by reviewing operational aspects of the business in order to optimise the company’s performance at all times, whilst maintaining focus on the company’s strategy.

The Board understands the importance of engaging with all its stakeholders and regularly discusses issues concerning employees, clients, suppliers, community and environment, regulators and shareholders which inform its decision making processes.

Employees:
Our employees remain fundamental to the achievement of our business plan. In addition to aiming to be a responsible employer in our approach to pay and benefits, we continue to engage with our team to ascertain which training and development opportunities should be made available to improve our team’s productivity and our individual employees’ potential within the business.

Clients:
Engagement with clients and counterparties is key to the success of the company and we seek to ensure that we fully understand the underlying requirements and incorporate these within our service offering.

Suppliers:
The company has developed and continues to foster stable long-term relationships with its suppliers. The company selects high quality providers of good standing.

Environment:
Whilst the company has a very small physical footprint the Board takes its environmental, social and governance (ESG) responsibility very seriously being a signatory to the United Nations Principles for Responsible Investment as well as working with an independent 3rd party sustainability solutions consultancy to offset carbon emissions.

Governance:
The Board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards of business conduct and good governance expected of a business of our nature and size and in full alignment with the rules and guidelines of the Regulators and Exchanges. In doing so, we believe we will achieve our long-term business strategy and also further develop our reputation in our sector.

Directors:
The Board also seeks to behave in a responsible manner towards our shareholders and to treat them fairly and equally, in order that they too can benefit from the company achieving its long term business strategy.

On behalf of the board

Mr P A Bennett-Britton
Director

24 July 2024

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2024

The directors present their annual report and financial statements for the year ended 31 March 2024.

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 10.

Ordinary dividends were paid amounting to £4,380,214. 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

Future developments
The Company’s intention is to continue to launch new funds (to include launching new CLOs) and further increase assets under management.

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 works with an independent 3rd party sustainable solutions consultancy to calculate its carbon emissions with the view to offsetting these.

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

24 July 2024

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 2024 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 Financial Reporting Standard 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 2024 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 companys 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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.

Robin Haslam
Senior Statutory Auditor
For and on behalf of Azets Audit Services

24 July 2024

Chartered Accountants
Statutory Auditor

2nd Floor
Regis House
45 King William Street
London
EC4R 9AN

SPIRE MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2023 £
Turnover	**4**	31,227,895	24,305,325
Cost of sales		197,636	29,530
Gross profit		31,425,531	24,334,855
Administrative expenses		(9,271,221)	(5,251,662)
Operating profit	**5**	22,154,310	19,083,193
Interest receivable and similar income	**9**	35,406	765
Interest payable and similar expenses	**10**	(9,703,914)	(4,880,046)
Gains/(Losses) on investment	**11**	1,967,727	(3,185,954)
Profit before taxation		14,453,529	11,017,958
Tax on profit	**12**	(3,703,607)	(2,030,056)
Profit for the financial year		10,749,922	8,987,902

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 2024

		2024		2023	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**14**		192,572		227,918
Investments	**15**		187,956,226		174,926,594
			188,148,798		175,154,512
Current assets					
Debtors	**16**	6,128,060		4,682,351	
Cash at bank and in hand		4,182,576		3,875,700	
		10,310,636		8,558,051	
Creditors: amounts falling due within one year	**17**	(4,384,816)		(2,955,455)	
Net current assets			5,925,820		5,602,596
Total assets less current liabilities			194,074,618		180,757,108
Creditors: amounts falling due after more than one year	**18**		(174,465,164)		(164,280,421)
Provisions for liabilities					
Deferred tax liability	**20**	30,785		38,689	
			(30,785)		(38,689)
Net assets			19,578,669		16,437,998
Capital and reserves					
Called up share capital	**22**		210,002		3,324,430
Capital redemption reserve			10,510,085		7,395,657
Profit and loss reserves			8,858,582		5,717,911
Total equity			19,578,669		16,437,998

The financial statements were approved by the board of directors and authorised for issue on 24 July 2024 and are signed on its behalf by:

Mr P A Bennett-Britton
Director

Company Registration No. 08136849

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2022		10,720,087	-	8,533,427	19,253,514
Year ended 31 March 2023:					
Profit and total comprehensive income for the year		-	-	8,987,902	8,987,902
Dividends	**13**	-	-	(4,170,474)	(4,170,474)
Redemption of shares	**22**	(7,395,657)	7,395,657	(7,632,944)	(7,632,944)
Balance at 31 March 2023		3,324,430	7,395,657	5,717,911	16,437,998
Year ended 31 March 2024:					
Profit and total comprehensive income for the year		-	-	10,749,922	10,749,922
Dividends	**13**	-	-	(4,380,214)	(4,380,214)
Redemption of shares	**22**	(3,114,428)	3,114,428	(3,229,037)	(3,229,037)
Balance at 31 March 2024		210,002	10,510,085	8,858,582	19,578,669

SPIRE MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £	2024 £	2023 £	2023 £
Cash flows from operating activities					
Cash generated from operations	**26**		20,876,542		18,247,886
Interest paid			(9,032,596)		(4,347,084)
Income taxes paid			(2,765,968)		(1,605,246)
Net cash inflow from operating activities			9,077,978		12,295,556
Investing activities					
Purchase of tangible fixed assets		(3,029)		-	
Disposal of investment instruments		38,544		69,359	
Purchase of investment instruments		(15,970,241)		(24,056,821)	
Interest received		35,406		765	
Net cash used in investing activities			(15,899,320)		(23,986,697)
Financing activities					
Redemption of shares		(3,229,037)		(6,282,944)	
New bank loans		14,776,013		22,063,727	
Repayment of bank loans		(38,544)		(69,359)	
Dividends paid		(4,380,214)		(4,073,740)	
Net cash generated from financing activities			7,128,218		11,637,684
Net increase/(decrease) in cash and cash equivalents			306,876		(53,457)
Cash and cash equivalents at beginning of year			3,875,700		3,929,157
Cash and cash equivalents at end of year			4,182,576		3,875,700

1 Change in accounting policy

The company has reassessed its choice of accounting treatment under FRS 102 Section 11 and prospectively elects IFRS 9, for investments held in funds under management.

The change in election renders £nil impact in both current and prior year.

2 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.

2.1 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 £.

Trading investments carried at fair value, bank loans and related elements of member's capital classed as equity are denominated in euros and dealt with as explained in note 1.14.

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.

2.2 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 current economic climate including the war in Ukraine 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.

2.3 Turnover

Turnover is substantially derived from investment advisory agreements, investment management and performance 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.

2 Accounting policies **(Continued)**

2.4 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.

2.5 Fixed asset investments

Investments in instruments which are not subsidiaries, associates or joint ventures, comprise of tranches of debt in Collateralised Loan Obligations vehicles which are managed by the company, these are required to be held by regulation. Investments comprise of both senior and subordinate debt tranches.

Investments are recognised initially at fair value and then subsequently measured at amortised cost, fair value through other comprehensive income (OCI) (of which there are nil) and fair value through profit or loss (FVPL).

Subsequent classification of investments at initial recognition depends on the investment's contractual cash flow characteristics and the Company's business model for managing them.

Subsequent measurement

Investments held at amortised cost:

The Company measures investments at amortised cost if both of the following conditions are met:

- The investment is held within a business model with the objective to hold investments until maturity in order to collect contractual cash flows; and
- The contractual terms of the investment give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Senior debt tranches possess underlying assets paying a fixed rate of interest and therefore satisfy both conditions.

Investments at amortised cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2 Accounting policies (Continued)

Investments held at Fair Value throught Profit or Loss (FVPL):

The Company measures investments at FVPL if the investment fails the condition of SPPI.

Subordinate debt assets are structured in a way that renders cash flow that is not consisting of SPPI.

For investments at FVPL, interest income, foreign exchange revaluation are recognised in profit or loss and computed in the same manner as for investments measured at amortised cost but with the fair value changes being recognised in the profit or loss account.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Inputs that are observable, other than quoted prices included within Level 1.
- Level 3 – Inputs that are unobservable.

The Company's policies and procedures for fair value measurement such as unquoted investments comprise of the use of a range of data including the original arranging bank models, credit management internal forecasts and models, trading data, where available and data from third party valuation providers. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

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

Fair-value related disclosures for financial instruments that are measured at fair value is summarised in Note 15.

2 Accounting policies **(Continued)**

2.6 Impairment of fixed assets

The Company applies the approach, permitted by IFRS 9, of Expected Credit Loss (ECL) Provision.

The Company has established a policy to perform an assessment, as directed by IFRS 9, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The stages of assessment are as described below:

- Stage 1 - When loans are first recognised, the Company recognises an allowance based on the expected ECLs over the next 12-month.
- Stage 2 - When loans have shown a significant increase in credit risk since origination, the Company recognises an allowance based on the ECL over the remaining life of the asset.
- Stage 3 – When loans are considered credit-impaired. The Company recognises an allowance based on the ECL over the remaining life of the asset, considering forward-looking information.

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.7 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.

2.8 Financial instruments

The company has elected to apply the provisions of IFRS 9 though Section 11 ‘Basic Financial Instruments’ 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.

Classification of financial assets

IFRS 9 dictates that financial assets will be classified and measured depending upon the business model in respect of such assets as well as their contractual cash flows. Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' (FVPL), financial assets measured at fair value through other comprehensive income (OCI) and financial assets measured at amortised cost.

2 Accounting policies **(Continued)**

Financial assets at fair value through profit or loss

A financial asset is classified as fair value through the profit and loss if the objective of holding the financial asset is not to hold to collect at least some of the contractual cash flows and its contractual cash flows do not represent solely payments of principal and interest.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement.

The instruments cease to be recognised when the rights to receive cash flows have expired.

Determination of fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and where those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (e.g. LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the Statement of Financial Position.

Financial assets measured at amortised cost

Loans and receivables are measured at amortised cost if they are non-derivative financial assets, possess fixed or determinable payments and fixed maturities that are not quoted in an active market, and that the Company’s management has the positive intention and ability to hold, other than those that the Company upon initial recognition designates as at fair value through profit or loss.

Financial assets measured at amortised cost are initially recognised at fair value including direct transaction costs and measured subsequently at amortised cost, using the effective interest method.

Financial assets classified as receivable within one year are not amortised.

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.

The assessment of CLO investments is detailed further under the investments section.

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

2 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets cease to be recognised for accounting purposes when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

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.

Financial liabilities held at amortised cost

The Company’s financial liabilities are in non-derivative financial instruments.

Financial liabilities are measured at amortised cost, using the effective interest rate method. Financial liabilities measured at amortised cost are trade, other payables, and loans. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

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

2.9 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.

2.10 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.

2.11 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.

2 Accounting policies **(Continued)**

2.12 Retirement benefits

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

2.13 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.

2.14 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.

2.15 Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing

The group may sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the company retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

3 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 rating 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.

3 Judgements and key sources of estimation uncertainty **(Continued)**

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 2.8% 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.

4 Turnover and other revenue

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

	2024	2023
	£	£
Turnover analysed by class of business		
Interest received	11,689,758	6,718,168
Management and performance fees	19,538,137	17,587,157
	31,227,895	24,305,325

	2024	2023
	£	£
Turnover analysed by geographical market		
Europe	31,227,895	24,305,325

	2024	2023
	£	£
Other revenue		
Interest income	35,406	765

5 Operating profit

	2024	2023
Operating profit for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	600,261	(462,668)
Depreciation of owned tangible fixed assets	38,375	41,491
Operating lease charges	286,857	265,630

6 Auditor's remuneration

	2024	2023
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	21,285	19,800
For other services		
Audit-related assurance services	9,000	8,400
Taxation compliance services	1,200	1,450
Other taxation services	345	355
All other non-audit services	14,690	25,974
	25,235	36,179

7 Employees

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

	2024 Number	2023 Number
Directors	3	3
Administration and back office	14	13
Total	17	16

Their aggregate remuneration comprised:

	2024 £	2023 £
Wages and salaries	5,423,971	3,343,142
Social security costs	722,054	467,347
Pension costs	238,504	12,038
	6,384,529	3,822,527

8 Directors' remuneration

	2024 £	2023 £
Remuneration for qualifying services	2,200,000	600,000

8 Directors' remuneration (Continued)

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

	2024 £	2023 £
Remuneration for qualifying services	1,000,000	200,000

9 Interest receivable and similar income

	2024 £	2023 £
Interest income		
Interest on bank deposits	35,283	-
Other interest income	123	765
Total income	35,406	765

10 Interest payable and similar expenses

	2024 £	2023 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	9,696,162	4,880,046
Other finance costs:		
Other interest	7,752	-
	9,703,914	4,880,046

11 Gains/(Losses) on investments

	2024 £	2023 £
Gains/(Losses) on investments held at fair value	1,967,727	(3,185,954)

12 Taxation

	2024 £	2023 £
Current tax		
UK corporation tax on profits for the current period	3,711,511	2,160,598
Adjustments in respect of prior periods	-	(120,945)
Total current tax	3,711,511	2,039,653

12 Taxation (Continued)

	2024	2023
	£	£
Deferred tax		
Origination and reversal of timing differences	(7,904)	(9,597)
Total tax charge	3,703,607	2,030,056

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:

	2024	2023
	£	£
Profit before taxation	14,453,529	11,017,958
Expected tax charge based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%)	3,613,382	2,093,412
Tax effect of expenses that are not deductible in determining taxable profit	76,112	49,304
Tax effect of income not taxable in determining taxable profit	13,907	10,229
Adjustments in respect of prior years	-	(120,945)
Permanent capital allowances in excess of depreciation	206	394
Other timing differences	-	(2,338)
Taxation charge for the year	3,703,607	2,030,056

13 Dividends

	2024	2023
	£	£
Interim paid	4,380,214	4,170,474

14 Tangible fixed assets

	Office refit	Office equipment	Total
	£	£	£
Cost			
At 1 April 2023	256,436	141,665	398,101
Additions	-	3,029	3,029
At 31 March 2024	256,436	144,694	401,130
Depreciation and impairment			
At 1 April 2023	91,947	78,236	170,183
Depreciation charged in the year	25,644	12,731	38,375
At 31 March 2024	117,591	90,967	208,558
Carrying amount			
At 31 March 2024	138,845	53,727	192,572
At 31 March 2023	164,489	63,429	227,918

15 Fixed asset investments

	2024	2023
	£	£
CLO investments	187,956,226	174,926,594

Fixed asset investments revalued

Certain investments with a value of £10,622,566 (2023 - £7,925,870) 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 £177,333,660 (2023 - £167,000,724) are included in the balance sheet at amortised cost, less impairment where necessary. At neither 31 March 2024 nor 31 March 2023 has such impairment been required.

Financial assets pledged as collateral

Investments are in relation to securities with a purchase price of €203,836,818 (2023 - €185,918,820). 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.

15 Fixed asset investments **(Continued)**

Movements in fixed asset investments

	CLOs held at FVPL	CLOs held at amortised cost	Total CLO Investments
	£	£	£
Cost or valuation			
At 1 April 2023	167,000,724	7,925,870	174,926,594
Additions	14,997,779	972,461	15,970,240
Valuation changes	(4,626,296)	1,724,232	(2,902,064)
Expected Credit Losses	-	-	-
Disposals	(38,544)	-	(38,544)
At 31 March 2024	177,333,663	10,622,563	187,956,226
Carrying amount			
At 31 March 2024	177,333,663	10,622,563	187,956,226
At 31 March 2023	167,000,724	7,925,870	174,926,594

Valuation changes include change in market value of investments held at fair value through profit and loss of £1,967,727 (gain) with £4,869,792 relating to foreign exchange losses on investments held at amortised cost.

Expected Credit Losses (ECL) provision

A CLO structure is an instrument that incorporates credit enhancement. The principal and interest are only due to the extent it matches its fixed obligation. All tranches incorporate a credit enhancement in the form of excess spread. Expected losses on the senior tranches would only therefore be recognised where the ECLs on the underlying assets were large enough that no credit enhancement remained. Given the headroom available, the probability of default (PD) on the senior tranches is considered as close to zero.

Furthermore, any credit loss realised is first absorbed in the subordinate debt tranche. As the company recognise this portion of the investment at FVPL it is deemed to have captured all credit risk that is associated to the senior debt tranches. The company continue to assess the recoverability of its CLO investments at each Balance sheet date.

All value held under amortised cost is considered for impairment provision under stage 1 of ECL methodology.

Noting the above, the 12-month ECL recognised is nil.

Fair value inputs

All value held under FVPL is deemed to be valued as stage 2 observable inputs.

16 Debtors

	2024	2023
Amounts falling due within one year:	**£**	**£**
Trade debtors	29,277	15,495
Amounts owed by group undertakings	11,944	75,386
Other debtors	263,188	290,302
Prepayments and accrued income	5,823,651	4,301,168
	6,128,060	4,682,351

17 Creditors: amounts falling due within one year

	2024	2023
	£	**£**
Trade creditors	199,065	419,812
Corporation tax	2,286,181	1,340,639
Other taxation and social security	185,296	117,276
Other creditors	5,843	8,187
Accruals and deferred income	1,708,431	1,069,541
	4,384,816	2,955,455

18 Creditors: amounts falling due after more than one year

		2024	2023
	Notes	**£**	**£**
Bank loans and overdrafts	**19**	174,465,164	164,280,421

19 Loans and overdrafts

	2024	2023
	£	**£**
Bank loans	174,465,164	164,280,421
Payable after one year	174,465,164	164,280,421

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.

20 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 2024	Liabilities 2023
Balances:	**£**	**£**
Accelerated capital allowances	31,082	38,990
Retirement benefit obligations	(297)	(301)
	30,785	38,689

	2024
Movements in the year:	**£**
Liability at 1 April 2023	38,689
Credit to profit or loss	(7,904)
Liability at 31 March 2024	30,785

21 Retirement benefit schemes

	2024	2023
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	238,504	12,038

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.

22 Share capital

	2024	2023
Ordinary share capital	**£**	**£**
Issued and fully paid		
210,002 Ordinary of £1 each	210,002	210,002
0 (2023: 3,051,918) Redeemable B shares of €1 each	-	2,529,500
0 (2023: 705,734) Redeemable C shares of €1 each	-	584,928
	210,002	3,324,430

22 Share capital **(Continued)**

On 3 July 2023, 1,173,092 Redeemable B shares of €1 each were redeemed for €1,173,092.
On 18 December 2023, 1,878,826 Redeemable B shares of €1 each were redeemed for €1,878,826.

On 3 July 2023, 705,734 Redeemable C shares of €1 each were redeemed for €705,734.

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.

23 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:

	2024	2023
	£	£
Within one year	256,676	256,676
Between two and five years	1,025,704	1,026,704
In over five years	21,390	256,676
	1,303,770	1,540,056

24 Related party transactions

Remuneration of key management personnel
Details of Key Management Personnel Remuneration is the same as the Directors’ remuneration which is included within Note 7 to the financial statements.

Other information
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned members within the group.

25 Ultimate controlling party

The controlling party of the company is Spire Partners LLP whose registered office is 24 Grosvenor Street, London, W1K 4QN.

Spire Partners LLP owed by a number of members, none of whom own more the 50% of the members capital.

Accordingly there is no ultimate controlling party.
The smallest and largest group that the results of the company are included within is headed up by Spire Partners LLP.

26 Cash generated from operations

	2024	2023
	£	£
Profit for the year after tax	10,749,922	8,987,902
Adjustments for:		
Taxation charged	3,703,607	2,030,056
Finance costs	9,703,914	4,880,046
Interest received	(35,406)	(765)
Depreciation and impairment of tangible fixed assets	38,375	41,491
Foreign exchange losses on investments and loans	317,064	(454,964)
(Gains)/Losses on investments held at fair value	(1,967,727)	3,185,954
Movements in working capital:		
Increase in debtors	(1,445,702)	(736,645)
(Decrease)/increase in creditors	(187,505)	314,811
Cash generated from operations	20,876,542	18,247,886

27 Analysis of changes in net debt

	1 April 2023	Cash flows	Exchange rate movements	31 March 2024
	£	£	£	£
Cash at bank and in hand	3,875,700	306,876	-	4,182,576
Borrowings excluding overdrafts	(164,280,421)	(14,737,469)	4,552,726	(174,465,164)
	(160,404,721)	(14,430,593)	4,552,726	(170,282,588)