

Providence Investment
Funds PCC Limited
Report and Audited
Financial Statements for
the year ended 31
December 2014



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PROVIDENCE INVESTMENT FUNDS PCC LIMITED

REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
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AS AT 31 DECEMBER 2014

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PROVIDENCE INVESTMENT FUNDS PCC LIMITED
CORPORATE INFORMATION
AS AT 31 DECEMBER 2014

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Directors:

Antonio Buzaneli
Stephen Dewsrip
Paul Everitt (resigned 10 August 2015)
Roger Parry (appointed 10 August 2015)

Banker

The Royal Bank of Scotland
International
PO Box 62
Royal Bank Place
1 Gategny Place
St Peter Port
Guernsey
GY1 4BQ

Administrator, Registrar and Secretary:

Lumiere Fund Services Limited (Formerly known as
Fund Corporation of the Channel Islands Limited)
PO Box 268
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 3QZ

Legal Advisor In Guernsey:

Collas Crill
PO Box 140
Gategny Court
Gategny Esplanade
St Peter Port
Guernsey
GY1 4EW

Independent Auditor:

PricewaterhouseCoopers CI LLP
Royal Bank Place
PO Box 321
1 Gategny Esplanade
St Peter Port
Guernsey
GY1 4ND

Investment Manager:

Providence Investment Management
International Limited
PO Box 268
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 3QZ

Registered Office:

PO Box 268
Mill Court
La Charroterie
St Peter Port
Guernsey
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PROVIDENCE INVESTMENT FUNDS PCC LIMITED
REPORT OF THE DIRECTORS
AS AT 31 DECEMBER 2014

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The directors present their annual report and the audited financial statements for the year ended 31 December 2014. The comparative period is the 15 month period ended 31 December 2013.

Activities and Incorporation

Incorporation

Providence Investment Funds PCC Limited ("the Company") is a closed-ended investment company which was incorporated with limited liability in Guernsey on 1 March 2012 and has been registered with the Guernsey Financial Services Commission ("the Commission") under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and The Registered Collective Investment Schemes Rules 2008. It is governed by The Companies (Guernsey) Law, 2008 (the "Law"). The Company began trading on 1 October 2012.

The Company is an umbrella fund constituted as a protected cell company under The Companies (Guernsey) Law, 2008. The provisions of the Law enable the Company to create one or more cells for the purpose of segregating and protecting the assets within the individual cells. Persons investing and dealing with a cell of the Company shall only have recourse to the assets attributable to that particular cell. They shall have no recourse to the assets of any other cell, except as provided under the Law against any non-cellular assets of the Company. Thereafter, under Guernsey law, the assets of any cell are not exposed to the liabilities of other cells within the structure. However the protected cell company structure has not, so far as the Directors are aware, been tested in any courts. Accordingly, if the assets of the Company are situated in a jurisdiction other than Guernsey, it is not known whether courts in other jurisdictions would recognise the protected cell structure and the integrity of the cells.

Principal Activities

The Company consists of 25 active cells, comprised of 4 preference share classes, "A", "B", "C" and "C2", a core cell comprised of 2,000 £1 management shares and participating shares. The difference between preference share classes is explained in detail in notes 8 and 9. The assets attributable to a particular cell comprise assets represented by the proceeds of cell share capital, reserves and any other assets attributable to the cell. The cells are classed as either "Distribution cells", indicating that the fixed returns will be paid either quarterly or monthly or "Roll Up" cells, indicating that the returns will be paid at the end of the investment term.

Investment objectives and strategy

The Company has been created to provide an opportunity to invest in a structure that aims to provide high fixed coupon absolute returns. The objective of the Company is to generate these returns to preference shareholders by providing access to Brazilian debt factoring opportunities. The Company enters into contractual loan agreements with Providence Fomento Mercantil Investimento e Participacoes Ltda ("Providence Fomento").

Activities and Incorporation (continued)

Investment objectives and strategy (continued)

Providence Global Limited ("PGL") is parent company to both the Company and Providence Fomento. Under the terms of the loan agreements, the Company provides finance to Providence Fomento which in turn enters into a series of debt factoring contracts with small and medium sized businesses in Brazil. Providence Fomento returns to the Company an agreed return plus fees which will be used to meet the distributions to preference share holders being external investors and participating share dividends held by Providence Investment Management International Limited ("PIMIL") as the Investment Manager. PIMIL is also owned by PGL.

It was agreed that the subscription monies raised would be loaned, where possible, to the newly established Providence Fomento, although, due to time constraints, the first three investments into the Company were paid to BPA Fomento Mercantil Investimentos Participações Ltda ("BPA Fomento"), a company owned by PGL which has been actively operating in the factoring industry in Brazil for several years. Therefore the 'Factoring Companies' refers to both entities.

Operations throughout the year and to date of signing the financial statements

The movement of monies in and out of Brazil is subject to taxation in either direction. The returns generated through the factoring operations are expected to continue to be such that the deployment of 100% of subscription monies to the Factoring Companies is not always required in order to generate the agreed investor return. The Investment Manager monitors the deployment position to ensure that, where 100% of subscription monies has not been deployed to the Factoring Companies for the reasons detailed above, there are sufficient assets in the Factoring Companies to repay the loans from the Company.

The Company has therefore entered into an agreement with Providence Fomento, PGL and the Investment Manager (the "Loan Framework Agreement"), to make the cash flow process as efficient as possible for all parties. Under this agreement all liabilities and obligations to the Company owed by Providence Fomento are guaranteed by PGL and may be settled by PGL as required and PGL has provided the Company with security over its assets to back this guarantee.

Where 100% of subscription monies have not been deployed to the Factoring Companies for the reasons as detailed above, they have been transferred to PGL and utilised within the wider group. At all times the investor subscription is recognised through a loan to the Factoring Companies and all returns are treated as income and fees from the Factoring Companies. All returns to investors have been made on time in accordance with the offering documents. This arrangement has been formalised in a legal agreement signed by all relevant parties in October 2015.

Activities and Incorporation (continued)

Operations throughout the year and to date of signing the financial statements (continued)

The Loan Framework Agreement has been entered into retrospectively in October 2015 and is effective from the date the Company began trading, between the Company, Providence Fomento, PIMIL and PGL. This agreement:-

- Facilitates the strategy whereby all liabilities and obligations to the Company from Providence Fomento, are guaranteed by PGL and may be settled by PGL;
- Documents the intercompany liabilities assumed by the various parties when monies are deployed outside of the Factoring Companies; and
- Confirms the guarantee in place over these liabilities.

The Loan Framework Agreement states the following:

- Loan Monies from the Company under the agreement may be paid to:
 - Providence Fomento's account; or
 - upon the instruction of Providence Fomento, PGL's account or the account of any direct or indirect subsidiary of PGL (other than Providence Fomento);
- PGL has settled and proposes to continue to settle obligations of Providence Fomento to the Company on behalf of Providence Fomento;
- PGL has settled and proposes to continue to settle obligations of the Company to PIMIL and external investors on behalf of the Company; and
- PGL as parent company of Providence Fomento has provided a guarantee and will continue to provide a guarantee in respect of such loans.

Regardless of the directionality of cash flows, all loans and interest/fees due remain the full liability of Providence Fomento and have been recorded as such in the books of Providence Fomento. BPA Fomento is not a party to this agreement as the early transfer of funds to BPA Fomento was limited to the first three subscriptions into the Company as a result of timing issues. As at the date of signing these financial statements these investments had matured and been reinvested.

This agreement has been signed by all parties and filed with the Central Bank of Brazil for regulatory purposes and then the Brazilian Federal Revenue for tax purposes.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
AS AT 31 DECEMBER 2014

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Results

The results for the year are shown in the Profit and Loss Account.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Any operational expenses of the Company are borne by PIMIL as the investment manager of the Company. The liabilities of the Company with respect to distributions have been settled either directly or indirectly by PGL on behalf of the Company in accordance with the Loan Framework Agreement. This is a group cash management decision as discussed on page 3, which has been formalised in an agreement approved and signed by all relevant parties, as discussed further in note 7.

PGL is acting as guarantor to Providence Fomento. The directors of PGL are responsible for carrying out regular reviews of PGL's ability to meet these guarantees in light of other guarantees given or commitments in place. This review has been carried out for the year and up to the date of signing these financial statements and has been provided to the directors of the Company and Providence Fomento. The directors of the Company have concluded their review of the latest available report from PGL and are satisfied that PGL has sufficient resources to meet any required obligations as they fall due, including the guarantee pledged to Providence Fomento.

Distributions to preference shareholders and dividends to participating shareholders

The directors declared distributions totalling £1,244,173 and dividends totalling £1,092,781 for the year ended 31 December 2014 (2013: £84,392 and £26,758 respectively). £240,113 of distributions and £16,405 of dividends were paid after the balance sheet date (2013: £30,941 and £2,649 respectively).

Directors

The Directors who held office during the year and up to the date of signing are listed below:

Antonio Buzaneli
Stephen Dewsnap
Paul Everitt (resigned 10 August 2015)
Roger Parry (appointed 10 August 2015)

Secretary, Administrator and Registrar

The secretary, administrator and registrar of the Company is Lumiere Fund Services Limited. On 24th October 2014, Fund Corporation of the Channel Islands changed its name to Lumiere Fund Services Limited.

Independent Auditor

PricewaterhouseCoopers CI LLP will not be seeking re-appointment as the Company's auditor for the year ended 31 December 2015. A resolution to appoint an auditor will be proposed at the next Annual General Meeting.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
AS AT 31 DECEMBER 2014

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Statement of Directors' responsibilities

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the total return of the Company for the year and are in accordance with Guernsey Law and United Kingdom Accounting Standards "UK GAAP".

In preparing those financial statements, the directors are required to:-

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and for ensuring that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008 and the principal documents. The directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:-

- so far as each director is aware, there is no relevant audit information of which the auditor is unaware, and
- each director has taken all the steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Director 

Date 

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
CELL INFORMATION AND STATEMENT OF INVESTMENT MANAGER'S RESPONSIBILITIES
AS AT 31 DECEMBER 2014
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The following cells were established and registered during the year:

	Date of establishment	Earliest redemption date
Providence Hume Fixed Income GBP Cell - C2 Preference Shares	5 November 2014	1 February 2016
Providence Hume Fixed Income USD Cell - C2 Preference Shares	5 November 2014	1 May 2016
Providence Hume Fixed Income EUR Cell - C2 Preference Shares	5 November 2014	1 May 2016
Providence December 2015 48 Month Roll Up CP GBP Cell	3 November 2014	11 November 2018
Providence December 2015 24 Month Quarterly CP GBP Cell	3 November 2014	26 November 2016
Providence December 2015 24 Month Roll Up CP GBP Cell	3 November 2014	4 November 2016
Providence December 2014 18 Month Roll Up GBP Cell	19 April 2014	17 October 2015
Providence December 2014 36 Month Roll Up GBP Cell	19 April 2014	30 May 2017
Providence March 2015 18 Month Quarterly GBP Cell	30 June 2014	1 January 2016
Providence March 2015 18 Month Monthly GBP Cell	30 June 2014	15 January 2016
Providence March 2015 18 Month Quarterly USD Cell	30 June 2014	3 March 2016
Providence March 2015 18 Month Quarterly EUR Cell	30 June 2014	28 February 2016
Providence March 2015 36 Month Quarterly GBP Cell	30 June 2014	14 July 2017
Providence March 2015 36 Month Monthly GBP Cell	30 June 2014	17 December 2017
Providence March 2015 36 Month Quarterly USD Cell	30 June 2014	22 August 2017

The following cells were created during the year, however no subscriptions were received prior to the year end.

Providence December 2015 18 Month Roll Up GBP Cell	18 December 2014	-
Providence December 2015 36 Month Roll Up GBP Cell	18 December 2014	-
Providence December 2015 48 Month Monthly CP USD Cell	3 November 2014	-
Providence December 2015 48 Month Quarterly CP USD Cell	3 November 2014	-
Providence December 2015 48 Month Roll Up CP USD Cell	3 November 2014	-
Providence December 2015 24 Month Monthly CP USD Cell	3 November 2014	-
Providence December 2015 24 Month Quarterly CP USD Cell	3 November 2014	-
Providence December 2015 24 Month Roll Up CP USD Cell	3 November 2014	-
Providence December 2015 48 Month Monthly CP GBP Cell	3 November 2014	-
Providence December 2015 48 Month Quarterly CP GBP Cell	3 November 2014	-
Providence December 2015 24 Month Monthly CP GBP Cell	3 November 2014	-
Providence December 2014 18 Month Roll Up USD Cell	19 April 2014	-
Providence December 2014 36 Month Roll Up USD Cell	19 April 2014	-
Providence December 2014 18 Month Roll Up EUR Cell	19 April 2014	-
Providence December 2014 36 Month Roll Up EUR Cell	19 April 2014	-
Providence March 2015 18 Month Monthly USD Cell	30 June 2014	-
Providence March 2015 18 Month Monthly EUR Cell	30 June 2014	-
Providence March 2015 36 Month Monthly USD Cell	30 June 2014	-
Providence March 2015 36 Month Quarterly EUR Cell	30 June 2014	-
Providence March 2015 36 Month Monthly EUR Cell	30 June 2014	-

Statement of Investment Manager's Responsibilities

The Investment Manager, together with the directors of the Company, is responsible for managing the Company in accordance with the Company's principal documents and the Registered Collective Investment Schemes Rules 2008.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
NET ASSET VALUE AND UNCLASSIFIED SHARES IN ISSUE AT YEAR END
FOR THE YEAR ENDED 31 DECEMBER 2014

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Net Asset Value ("NAV") and Unclassified Preference Shares in issue at the year end

As at 31 December 2014	Currency	NAV	Shares in issue	NAV per share
September 2013 18 Month Quarterly GBP Cell - A shares	GBP	12,500.00	125.00	100.00
Hume Fixed Income GBP cell - A shares	GBP	800,000.00	8,000.00	100.00
Fixed Income GBP cell - C shares	GBP	800,000.00	8,000.00	100.00
Hume Fixed Income GBP cell - C2 shares	GBP	800,000.00	8,000.00	100.00
June 2014 18 Month Quarterly GBP Cell - A shares	GBP	300,000.00	3,000.00	100.00
June 2014 18 Month Quarterly GBP Cell B shares	GBP	662,500.00	6,625.00	100.00
June 2014 18 Month Monthly GBP Cell A shares	GBP	60,000.00	600.00	100.00
June 2014 36 Month Quarterly GBP Cell A shares	GBP	350,000.00	3,500.00	100.00
June 2014 36 Month Quarterly GBP Cell B shares	GBP	170,000.00	1,700.00	100.00
June 2014 36 Month Quarterly GBP Cell C shares	GBP	500,000.00	5,000.00	100.00
June 2014 36 Month Monthly GBP Cell - C shares	GBP	325,000.00	3,250.00	100.00
Fixed Income GBP cell - C shares	GBP	505,000.00	5,050.00	100.00
December 2014 36 Month Roll Up GBP A shares	GBP	310,000.00	3,100.00	100.00
December 2014 36 Month Roll Up GBP B shares	GBP	50,000.00	500.00	100.00
December 2014 36 Month Roll Up GBP C shares	GBP	755,000.00	7,550.00	100.00
March 2015 18 Month Quarterly GBP A shares	GBP	1,236,345.00	12,363.45	100.00
March 2015 18 Month Quarterly GBP B shares	GBP	730,119.00	7,301.19	100.00
March 2015 18 Month Quarterly GBP C shares	GBP	1,150,000.00	11,500.00	100.00
March 2015 18 Month Monthly GBP A shares	GBP	90,000.00	900.00	100.00
March 2015 18 Month Monthly GBP B shares	GBP	162,500.00	1,625.00	100.00
March 2015 36 Month Quarterly GBP A shares	GBP	1,292,911.00	12,929.11	100.00
March 2015 36 Month Quarterly GBP B shares	GBP	615,000.00	6,150.00	100.00
March 2015 36 Month Quarterly GBP C shares	GBP	400,000.00	4,000.00	100.00
March 15 36 Month Monthly GBP A shares	GBP	30,000.00	300.00	100.00
December 2015 24 Month Roll Up CP GBP A shares	GBP	155,000.00	1,550.00	100.00
December 2015 24 Month Roll Up CP GBP B shares	GBP	150,000.00	1,500.00	100.00
December 2015 24 Month Roll Up CP GBP C shares	GBP	500,000.00	5,000.00	100.00
December 2015 24 Month Quarterly CP GBP A shares	GBP	150,000.00	1,500.00	100.00
December 2015 48 Month Roll Up CP GBP A shares	GBP	85,000.00	850.00	100.00
December 2015 48 Month Roll Up CP GBP B shares	GBP	265,000.00	2,650.00	100.00
December 2015 48 Month Roll Up CP GBP C shares	GBP	3,000,000.00	30,000.00	100.00
Hume Fixed Income USD cell - A shares	USD	400,000.00	4,000.00	100.00
Hume Fixed Income USD cell - C shares	USD	400,000.00	4,000.00	100.00
Hume Fixed Income USD cell - C2 shares	USD	400,000.00	4,000.00	100.00
June 2014 18 Month Quarterly USD Cell - A shares	USD	249,995.00	2,499.95	100.00
June 2014 18 Month Quarterly USD Cell B shares	USD	300,000.00	3,000.00	100.00
June 2014 36 Month Quarterly USD Cell - A shares	USD	150,000.00	1,500.00	100.00
March 2015 18 Month Quarterly USD A shares	USD	55,000.00	550.00	100.00
March 2015 36 Month Quarterly USD A shares	USD	99,923.00	999.23	100.00

PROVIDENCE INVESTMENT FUNDS PCC LIMITED

NET ASSET VALUE AND UNCLASSIFIED SHARES IN ISSUE AT YEAR END (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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Net Asset Value ("NAV") and Unclassified Preference Shares in issue at the year end (continued)

As at 31 December 2014	Currency	NAV	Shares in issue	NAV per share
Hume Fixed Income EUR cell - A shares	EUR	350,000.00	3,500.00	100.00
Hume Fixed Income EUR cell - C shares	EUR	350,000.00	3,500.00	100.00
Hume Fixed Income EUR cell - C2 shares	EUR	350,000.00	3,500.00	100.00
June 2014 36 Month Quarterly EUR Cell A shares	EUR	96,976.00	969.76	100.00
June 2014 18 Month Quarterly EUR Cell A shares	EUR	75,000.00	750.00	100.00
March 2015 18 Month Quarterly EUR B shares	EUR	187,500.00	1,875.00	100.00

**PROVIDENCE INVESTMENT FUNDS PCC LIMITED
REPORT OF THE INVESTMENT MANAGER
FOR THE YEAR ENDED 31 DECEMBER 2014**

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We are pleased to present the Investment Manager report for Providence Investment Funds PCC Limited (the "Company") for the year ended 31 December 2014.

Brazilian Market Overview

Brazil has historically been and continues to be South America's most prominent country. During 2014, based on current prices, Brazil had the 8th largest economy in the world, just behind the United Kingdom. Looking at purchasing power parity it ranked as 7th, ahead of the United Kingdom which ranked 10th. The economy was boosted through hosting the 2014 FIFA World Cup and is expected to be significantly boosted further in 2016 when the country will host the Olympic Games. The Brazil economy is seen as relatively isolated from outside world with circa 85% self sufficiency.

The factoring industry in Brazil is a well established industry and is regulated by the Associação Nacional das Sociedades de Fomento Mercantil "ANFAC", the national factoring trade self-regulatory body, of which Providence Fomento and BPA Fomento are members. These entities manage receivable portfolios of over \$30bn.

Factoring Companies performance

The Company was established on 1 March 2012 with the sole purpose of investing into one of two related Brazilian companies who carry out factoring activities in Brazil. It was agreed that the monies raised would be loaned, where possible, to the newly established Providence Fomento Mercantil Investimentos Participações Ltda ("Providence Fomento"), although, due to time constraints, the initial investments were paid to BPA Fomento Mercantil Investimentos Participações Ltda ("BPA Fomento"). Therefore the 'Factoring Companies' refers to both companies.

BPA Fomento, which is unaudited, has been trading profitably for several years, 2014 was no exception where it held assets of 72 million Brazilian Reals. BPA Fomento is profit making and any profits reported do not include deferred income in respect of receivables (cheques) purchased within the period which are dated after the year end. Although BPA Fomento is unaudited it should be stressed that the factoring industry as a whole is typically unaudited. The directors of Providence Fomento have voluntarily opted to have Providence Fomento audited in order to provide additional comfort to the investors in the Company who may be unfamiliar with the factoring industry in Brazil, which, as the directors believe makes Providence Fomento the only audited Factoring Company in Brazil. Providence Fomento which has only been trading as long as the Company held assets of 90 million Brazilian Reals.

A bad debt provision of 3.5% was applied for BPA Fomento in line with Brazilian legislation. For Providence Fomento no bad debt provision was applied as the relevant debts had not yet fallen due as at 31 December 2014. The financial statements and latest management accounts of both Factoring Companies have been reviewed and we and the Directors of the Company are satisfied that they show a significantly strong position to provide comfort over the recoverability of the loans advanced from the Company.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
REPORT OF THE INVESTMENT MANAGER (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

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Factoring Companies performance (continued)

Given the relative ages of the Factoring Companies to the overall factoring market in Brazil, the Investment Manager foresees many opportunities for the future growth of the Company and Factoring Companies. The Investment Manager obtains reports on the economy in Brazil from public sources as well as from economics experts who have been engaged in Brazil to provide quarterly reports going forward and does not see any indication that the conditions in which the Factoring companies operate will change materially.

Developments after the year end

In September 2015 Standard & Poor's cut Brazil's credit rating from BBB minus to BB plus, an effective 'junk rating'. As a result banks have been increasing interest rates and making record profits as a consequence. This has had a positive impact on the factoring industry as consumers unable to pay the inflated bank interest rates seek alternative financing.

It is noted that towards the end of 2015 an economist was employed by Providence Fomento who will provide detailed updates on the Brazilian economy that will be reviewed and discussed at the quarterly board meetings of the Company.

Company performance

The Company has seen a steady growth in investors throughout the year. As at 31 December 2013 the investment assets of the Company stood at £4.8m. This had grown to £18.8m by 31 December 2014.

During the year to 31 December 2014, one cell had reached maturity, the funds in relation to this cell were fully reinvested back into the Company by investors. There is an option to redeem prior to the end of the investment period with penalties imposed, there were no early redemptions in the year.

All investor distributions within the year and subsequently were paid as they fell due without exception.

We are very pleased with the performance of the Company to date and the rate at which we are attracting new investment. We are confident that the Company will continue to go from strength to strength.



Director

Providence Investment Management International Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROVIDENCE INVESTMENTS FUNDS PCC LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Providence Investment Funds PCC Limited ("the Company") which comprise the Balance Sheet as of 31 December 2014, the Profit and Loss Account and the Statement of Changes in Shareholders' Net Assets Attributable to Holders of Redeemable Preference Shares for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

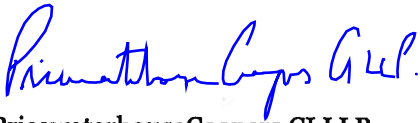
In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with United Kingdom Accounting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other legal and regulatory requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Corporate Information, Report of the Directors, Statement of the Directors' Responsibilities, Cell Information and Statement of Investment Manager's Responsibilities.

In our opinion the information given in the Report of the Directors is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
27 April 2016

- (a) The maintenance and integrity of the Providence Investment Funds PCC Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

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	Note	31-Dec-14	01-Oct-12
		£	to
			31-Dec-13
			£
Income			
Investment interest	2(c)	869,077	77,036
Investment fees	2(c)	1,467,877	134,256
Net unrealised gain on currency conversion	2(g), 10	-	313
		<u>2,336,954</u>	<u>211,605</u>
Expenditure			
Other expenditure		-	102
PIMIL expense	2(d(ii))	-	100,142
Net unrealised loss on currency conversion	2(g), 10	54	-
		<u>54</u>	<u>100,244</u>
Net surplus for the year/period		<u>2,336,900</u>	<u>111,361</u>
Finance costs (excluding increase/decrease in net assets attributable to holders of redeemable shares)			
Distribution to holders of redeemable shares	2(d(i))	1,244,173	84,392
Net profit after distribution		<u>1,092,727</u>	<u>26,969</u>

The above results all derive from continuing operations

The notes on pages 17 to 33 form an integral part of these financial statements

There are no recognised gains or losses other than those noted above.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

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	Note	31-Dec-14 £	31-Dec-13 £
Non Current Assets			
Investment loans	2(m), 3	14,572,851	4,731,799
		<u>14,572,851</u>	<u>4,731,799</u>
Current Assets			
Cash at bank	4	453,455	94,568
Investment loans	2(m), 3	4,383,781	30,201
Interest and fees receivable		-	161,288
Sundry debtors		5,745	5,551
		<u>4,842,981</u>	<u>291,608</u>
Total Assets		<u>19,415,832</u>	<u>5,023,407</u>
Equity			
Management shares	8	2,000	2,000
Retained earnings	11	157	211
Total Equity		<u>2,157</u>	<u>2,211</u>
Liabilities			
Net assets attributable to preference shareholders	9	18,825,428	4,762,000
Current Liabilities			
Monies received in advance	2(e), 4	170,000	45,021
Loans payable	5	1,926	1,819
Returns payable	6	403,097	181,711
Sundry creditors	2(f)	13,224	30,645
Total Current Liabilities		<u>588,247</u>	<u>259,196</u>
Total Liabilities		<u>19,413,675</u>	<u>5,021,196</u>
Total Equity and Liabilities		<u>19,415,832</u>	<u>5,023,407</u>

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON BEHALF OF THE BOARD BY


Director

Date: 27 April 2016 .

The notes on pages 17 to 33 form an integral part of these financial statements

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PREFERENCE SHARES
FOR THE YEAR ENDED 31 DECEMBER 2014 **16**

	Note	01-Oct-12 to 31-Dec-13 £	31-Dec-14 £
Net assets brought forward		-	4,762,000
Net profit after distribution attributable to holders of redeemable preference shares		26,758	1,092,781
Proceeds from redeemable preference shares issued	2(k), 9	4,762,000	14,063,428
Dividends paid - PIMIL	2(d(i))	(26,758)	(1,092,781)
Net assets attributable to holders of redeemable preference shares		4,762,000	18,825,428

The notes on pages 17 to 33 form an integral part of these financial statements

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

17

1 THE COMPANY

Providence Investment Funds PCC Limited was incorporated on 1 March 2012. The Company is an umbrella fund constituted as a Protected Cell Company under The Companies (Guernsey) Law, 2008. The provisions of the Law enable the company to create one or more cells for the purpose of segregating and protecting the assets within the individual cells. Therefore, liabilities of the Company attributable to one cell can only be satisfied out of the assets of that cell and holders of shares of a particular cell have no right to the assets of any other cell. The Company consists of 25 active cells, comprised of 4 preference share classes, "A", "B", "C" and "C2" and participating shares and a core cell comprised of 2,000 £1 management shares as detailed in note 8. The assets attributable to a particular cell comprise assets represented by the proceeds of cell share capital, reserves and any other assets attributable to the cell. The cells are classed as either "Distribution cells", indicating that the fixed returns will be paid either quarterly or monthly or "Roll Up" cells, indicating that the returns will be paid at the end of the investment term. The activities of the Company have been detailed in full in the Directors' Report on page 2.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these audited financial statements are set out below. These policies have been consistently applied unless otherwise stated.

(a) Basis of preparation

The audited financial statements have been prepared under the historical cost convention, in compliance with the Companies (Guernsey) Law 2008 in accordance with applicable UK Accounting Standards and the Registered Collective Investment Schemes Rules, 2008.

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2014 that would be expected to have a material impact on the Company.

(b) Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Any operational expenses of the Company are borne by PIMIL as the investment manager of the Company. The liabilities of the Company with respect to distributions have been settled either directly or indirectly by PGL on behalf of the Company in accordance with the Loan Framework Agreement. This is a group cash management decision as discussed on page 3, which has been formalised in an agreement approved and signed by all relevant parties, as discussed further in note 7.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going Concern (continued)

PGL is acting as guarantor to Providence Fomento. The directors of PGL are responsible for carrying out regular reviews of PGL's ability to meet these guarantees in light of other guarantees given or commitments in place. This review has been carried out for the year and to the date of signing these financial statements and has been provided to the directors of the Company and Providence Fomento. The directors of the Company have concluded their review of the latest available report from PGL and are satisfied that PGL has sufficient resources to meet any required obligations as they fall due, including the guarantee pledged to Providence Fomento.

(c) Income

All income is accounted for on an accruals basis. Income is received from investments in the form of loan interest and facility fees, split 8.75% interest and 15.25% facility fees and recognised in the relevant cell in which it arose.

(d) Expenditure

Expenditure is included in the financial statements on an accruals basis. Expenses are charged against the relevant cell in which the costs arose.

(i) Distributions to holders of redeemable preference shares and dividends to holders of participating shares

The cells make distributions to preference shareholders and participating dividends to PIMIL as investment manager. All income received (see note 2(c)) is paid out as distributions, dividends and PIMIL expenses. Distributions to preference shareholders have been referred to as dividends in all correspondence to investors.

As discussed in the Directors' Report, minimising physical cash movement into and out of Brazil is a tax efficient strategy. PGL, being the parent company of the Company, PIMIL and Providence Fomento, facilitate this strategy. PGL therefore pays the loan interest and facility fees on behalf of Providence Fomento to the Company thus facilitating the onward payment of returns to preference shareholders from the respective cells. With respect to the dividends declared and payments due to PIMIL, this return is paid directly to PIMIL from PGL on behalf of the Company.

(ii) PIMIL expense

As discussed in note 2(d(i)) all amounts received are paid out in full. In line with the scheme particulars of the cells, once all preference shareholders distributions have been declared and paid the directors may distribute the excess income received. This can be by way of a dividend or a straightforward transfer of funds to PIMIL referred to as a "PIMIL expense".

(e) Monies received in advance

Monies received in advance are in respect of monies that have not yet been invested into a cell. Investor monies are retained in a Lumiere Fund Services Limited (as administrator) client monies account until all required due diligence processes have been completed. Once all necessary paperwork is complete, the monies are released to the relevant Company cell bank account which signifies the official commencement date of the investment. Until the monies are released to the cell bank account they are classified as being repayable to the investor.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Sundry Creditors

Creditors are recognised when an obligation is established and are accounted for on an accruals basis.

(g) Foreign currency

(i) Functional and presentation currency

The functional and presentation currency of the Company as a whole is GBP Sterling. Monetary assets and liabilities in foreign currencies are translated to GBP Sterling at the rates of exchange ruling at the reporting date. Revenue transactions are translated at the rates of exchange ruling at the date of the transaction. The resulting exchange gains or losses are included in the profit and loss.

(ii) Transactions and balances

Investors can invest into either GBP Sterling, US Dollar or Euro cells, being the functional currencies of the respective cells, in accordance with the investment scheme particulars. Investment returns are paid in the relevant functional currency as is the return of capital. Monies are loaned to Providence Fomento in the currency in which they were invested. As discussed in note 12(a), these loans are converted into Brazilian Reals once received by Providence Fomento.

(h) Cash Flow Statement

The Company has taken advantage of the exemption in FRS 1 from the requirement to produce a cash flow statement as it meets the definition of being a small company.

(i) Taxation

The Company has applied for and received Guernsey tax exempt status for the year ended 31 December 2014.

(j) Accumulated income receivable and returns payable to investors

Investors in Roll Up cells receive their preferred return at the end of the investment period, however the return and interest accruing which is compounding quarterly has been reflected as an accumulated return payable in the balance sheet with a corresponding entry for a payable to investors.

(k) Proceeds from redeemable preference shares issued

This balance includes preference shares issued to investors whose original investments have reached maturity and they have fully reinvested into new cells.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Shares

A financial instrument that provides for redemption on a specific date meets the definition of a financial liability if the issuer has the obligation to transfer assets to the holder of the shares. Accordingly, the preference shares have been classified as financial liabilities in accordance with FRS26. The participating shares have no par value and there is no obligation to transfer any assets on redemption, the management shares issued to PIMIL have no par value and are non-redeemable. One non redeemable management share of no par value has been issued to PGL as the sole shareholder of the Company. The participating and management shares have been classified as equity.

(m) Investments

Investment loans on initial recognition have been measured at fair value with subsequent measurement at amortised cost in accordance with FRS26, using the effective interest rate method.

The loans are at a fixed interest rate and for a fixed term. The loan balances in respect of the Distribution Cells will be repaid to the Company from Providence Fomento in full in the currency in which they were invested at the end of the loan term. With regards to the Roll Up cells, the agreed rate of return over the relevant period of either 18, 24 or 36 months has been converted to a daily interest rate, this effective interest rate has been used to compound the subscription monies to determine an approximate loan value as at the year end.

3 INVESTMENT LOANS

		01-Oct-12	to
		31-Dec-14	31-Dec-13
		£	£
Loans receivable from Providence Fomento and BPA Fomento			
USD Investment loans (2013: USD 1,350,000)	USD 2,054,918	1,235,442	840,891
EUR Investment loans (2013: EUR 1,050,000)	EUR 1,409,476	1,150,172	881,696
GBP Investment loans (2013: GBP 3,075,000)	GBP 16,411,876	<u>16,411,876</u>	<u>3,075,000</u>
		<u>18,797,490</u>	<u>4,797,587</u>
Exchange difference on translation		27,939	(35,587)
Unrealised gain on Roll up cells		131,203	-
Total current and non current investment loan valuation		<u>18,956,632</u>	<u>4,762,000</u>

Current Asset loan investments represent the investment loans which have a redemption within 12 months of the balance sheet date.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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4 CASH AT BANK AND IN HAND		01-Oct-12
		to
	31-Dec-14	31-Dec-13
	£	£
Royal Bank of Scotland International	283,455	49,547
Monies received in advance (note 2(e))	170,000	45,021
	<u>453,455</u>	<u>94,568</u>
		01-Oct-12
5 LOANS PAYABLE		to
	31-Dec-14	31-Dec-13
	£	£
Providence Investment Management International Limited (USD: \$3,000)	1,926	1,819
Loans are interest free, unsecured and repayable on demand.	<u>1,926</u>	<u>1,819</u>
		01-Oct-12
6 RETURNS PAYABLE		to
	31-Dec-14	31-Dec-13
	£	£
Distributions payable - External Investors	255,489	75,545
Dividends and PIMIL expense payable	16,405	106,166
Distributions payable - Roll Up cell investors	131,203	-
	<u>403,097</u>	<u>181,711</u>

All distributions, dividends and PIMIL expenses payable with the exception of the Roll Up cells were settled within 2 months following the balance sheet date.

7 MATERIAL AGREEMENTS

Interest and Fees

The loan agreements with Providence Fomento and BPA Fomento stipulate that interest of 8.75% of the loan balance provided will be paid to the Company. An additional 15.25% is received in the form of a facility fee. In total this equates to a 24% total return for the Company.

When an investor subscribes to the Company they receive a set return based on the value of the subscription monies invested, the period of investment and whether they opt to have returns paid monthly, quarterly or at the end of the investment term. This return ranges between 7% and 14.25%. PIMIL as the investment manager of the Company, receives the balance of the income as a participating dividend and in turn will pay out various commissions and expenses, including administration and legal fees. The administration fee payable to Lumiere Fund Services Limited ("the Administrator") is calculated as 0.5% per annum of the capital invested by the Preference shareholders in the Company.

7 MATERIAL AGREEMENTS (CONTINUED)

Loan Framework Agreement

This agreement has been entered into retrospectively in October 2015 and is effective from the date the Company began trading, between the Company, Providence Fomento, PIMIL and PGL. This agreement facilitates the strategy whereby all liabilities and obligations to the Company from Providence Fomento, are guaranteed by PGL and may be settled by PGL. The Agreement documents the intercompany liabilities assumed by the various parties when monies are deployed outside of the Factoring Companies and confirms the guarantees in place over these liabilities. The rationale for the deployment is detailed in the Directors' Report. The agreement states the following:

- Loan Monies under the agreement may be paid to:
 - Providence Fomento; or
 - upon the instruction of Providence Fomento, PGL or any direct or indirect subsidiary of PGL (other than Providence Fomento);
- PGL has settled and proposes to continue to settle obligations of Providence Fomento to the Company on behalf of Providence Fomento;
- PGL has settled and proposes to continue to settle obligations of the Company to PIMIL and external investors on behalf of the Company; and
- PGL as parent company of Providence Fomento has provided a guarantee and proposes to continue to provide a guarantee in respect of such loans.

This agreement has been signed by all parties and filed with the Central Bank of Brazil for regulatory purposes and then the Brazilian Federal Revenue for tax purposes.

8 EQUITY

Authorised:

1,000,000 Management shares of no par value

1,000,000,000 Participating shares of no par value

Issued:	Core	GBP Cells	USD Cells	EUR cells	Total
Management Shares in issue at 1 January 2014	2	-	-	-	2
Shares issued/(redeemed) during the year	-	-	-	-	-
Management Shares in issue at 31 December 2014	2	-	-	-	2

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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8 EQUITY (CONTINUED)

Issued (continued):	Core	GBP Cells	USD Cells	EUR cells	Total
Shares in issue at 1 January 2014	-	9	10	9	28
Participating shares issued/(redeemed) during the year	-	15	13	7	35
Participating Shares in issue at 31 December 2014	-	24	23	16	63
Total management and participating shares in issue at 31 December 2014	2	24	23	16	65
	Core £	GBP Cells	USD Cells	EUR cells	Total £
Balance at inception	2,000	-	-	-	2,000
Management shares issued	-	-	-	-	-
Participating shares issued of nil value	-	-	-	-	-
Balance at 31 December 2014	2,000	-	-	-	2,000

The rights attaching to each type of share class are as follows:

The Management Shares are non participating, non-redeemable of nil par value. The Management Shares carry no right to dividends and have voting rights attached to them.

The Participating Shares are redeemable, of nil par value and carry rights to dividends. Participating Shares may be divided into such classes as the directors may from time to time determine. The directors may establish separate Cells in respect of Participating Shares. Each Cell shall have its own distinct name and designation. In the event of liquidation the Participating Shares carry a right to a return of the nominal capital paid up in respect of such Participating Shares, using the assets available in the relevant cell.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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9 NET ASSETS ATTRIBUTABLE TO PREFERENCE SHAREHOLDERS

1,000,000,000 "A", "B", "C" and "C2" Preference shares of no par value

	GBP Cells	USD Cells	EUR Cells	Total
Preference Shares in issue at 1 January 2014	30,750	13,500	10,500	54,750
"A" Preference shares issued during the year	42,268	4,049	1,720	48,037
"B" Preference shares issued during the year	28,051	3,000	1,875	32,926
"C" Preference shares issued during the year	63,050	-	-	63,050
"C2" Preference shares issued during the year	8,000	4,000	3,500	15,500
Shares redeemed during the year*	(8,000)	(4,000)	(3,500)	(15,500)
Preference Shares in issue at 31 December 2014	164,119	20,549	14,095	198,763

	GBP Cells	USD Cells	EUR Cells	Total £
Balance at 1 January 2014	3,075,000	815,425	871,575	4,762,000
"A" Preference shares of £100/\$100/€100	4,226,756	259,908	133,550	4,620,214
"B" Preference shares of £100/\$100/€100	2,805,119	192,563	145,606	3,143,288
"C" Preference shares of £100/\$100/€100	6,305,000	-	-	6,305,000
"C2" Preference shares of £100/\$100/€100	800,000	256,751	271,797	1,328,548
Shares redeemed during the year	(800,000)	(256,751)	(271,797)	(1,328,548)
Unrealised foreign exchange movement on opening balance	-	51,110	(56,184)	(5,074)
Balance at 31 December 2014	16,411,875	1,319,006	1,094,547	18,825,428

	GBP Cells	USD Cells	EUR Cells	Total £
Balance at 1 October 2012	-	-	-	-
"A" Preference shares of £100/\$100/€100	1,150,000	332,211	290,525	1,772,736
"B" Preference shares of £100/\$100/€100	800,000	241,607	290,525	1,332,132
"C" Preference shares of £100/\$100/€100	1,125,000	241,607	290,525	1,657,132
Shares redeemed during the year	-	-	-	-
Balance at 31 December 2013	3,075,000	815,425	871,575	4,762,000

The shares have been designated as A, B, C or C2 to reflect the different investment bands as detailed in the relevant cells supplemental scheme particulars. Share classes are issued based on the values of individual subscriptions and the relevant band in which they fall.

The Preference Shares are redeemable, of nil par value and carry rights to dividends. Preference Shares may be divided into such classes as the directors may from time to time determine. The directors may establish separate Cells in respect of Preference Shares. Each Cell shall have its own distinct name and designation. In the event of liquidation the Preference Shares carry a right to a return of the nominal capital paid up in respect of such Preference Shares, using the assets available in the relevant cell.

*The Hume cells B preference shares were reallocated as C2 preference shares during the year hence not a true redemption

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
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10 NET UNREALISED (LOSS)/GAIN ON CURRENCY CONVERSION

	01-Oct-12	
	to	
	31-Dec-14	31-Dec-13
	£	£
Unrealised gain on fx conversion - core cell	-	313
Unrealised gain on conversion of share premium to GBP	27,939	35,587
	<u>27,939</u>	<u>35,900</u>
Unrealised loss on fx conversion - core cell	(54)	-
Unrealised loss on conversion of cell loans to GBP	(27,939)	(35,587)
Net unrealised (loss)/gain on currency conversion	<u>(54)</u>	<u>313</u>

11 RETAINED EARNINGS

	01-Oct-12	
	to	
	31-Dec-14	31-Dec-13
	£	£
Brought forward retained earnings	211	
Net profit	1,092,727	-
Less dividends paid	(1,092,781)	211
Retained earnings	<u>157</u>	<u>211</u>

12 FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks from the financial instruments it holds. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The main risks affecting the Company have been identified as foreign exchange risk, liquidity risk, credit risk, market risk and concentration risk.

The process of managing risks is carried out by the directors of the Company and PIMIL. An initial risk management review was carried out on inception of the Company. The directors of the Company complete a business risk assessment at least annually which is reviewed quarterly at the board meetings to ensure that the risks detailed are appropriate and sufficient and being managed effectively, the assessment focuses primarily on general business risks such as fraud, anti-money laundering, quality of advice given to clients, business continuity risks, reputational risk, corporate governance, regulatory and risks associated with staff. A number of these risks are managed operationally by the Administrator.

The risks are formally documented together with assessment of the likelihood and impact of the risk and how they are managed and mitigated.

(a) Foreign Exchange Risk

Foreign currency risk arises when assets and liabilities denominated in a currency other than the Company's base currency fluctuates due to changes in foreign exchange rates. The majority of the Company's subscriptions are in GBP Sterling however the Company also accepts subscriptions in either Euro or US Dollar.

PROVIDENCE INVESTMENT FUNDS PCC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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12 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign Exchange Risk (continued)

The risk that an investor will receive a reduced return as a result of movements in foreign exchange rates is mitigated by the fact that they receive their periodic returns as well as the return of capital on redemption in the currency in which they invested. The subscriptions monies are provided to Providence Fomento as loans in the currency in which they were subscribed and the 24% return to the Company is in the same currency also. The currency risk is therefore borne directly by Providence Fomento who convert these loans to Brazilian Reals. Once received they then enter into a number of foreign exchange hedging contracts. The exposure to the investor is therefore nil. In the Company any unrealised gain or loss on the revaluation of investment loans given is matched by an equal and opposite gain or loss on share premium.

As at 31 December 2014, the value of the Company's assets denominated in foreign currencies was as follows:

As at 31 December 2014	USD	EUR	GBP	Total GBP
Fx rate used	1.5579	1.2877	1.0000	
Cash	17,416	8,543	427,496	453,455
Investment loans	1,319,006	1,094,547	16,543,079	18,956,632
Sundry debtors	5,536	-	209	5,745
Monies received in advance	-	-	(170,000)	(170,000)
Loan payable	(1,926)	-	-	(1,926)
Returns payable	(17,415)	(8,149)	(377,533)	(403,097)
Sundry creditors	-	(394)	(12,830)	(13,224)
Total net assets	1,322,617	1,094,547	16,410,421	18,827,585

As at 31 December 2013	USD	EUR	GBP	Total GBP
Fx rate used	1.6556	1.2047	1.0000	
Cash	12,686	6	81,876	94,568
Investment loans	815,425	871,575	3,075,000	4,762,000
Interest receivable	29,252	35,175	96,861	161,288
Sundry debtors	5,551	-	-	5,551
Monies received in advance	-	-	(45,021)	(45,021)
Loan payable	(1,819)	-	-	(1,819)
Returns payable	(32,876)	(35,176)	(113,659)	(181,711)
Sundry creditors	(12,083)	(6)	(18,556)	(30,645)
Total net assets	816,136	871,574	3,076,501	4,764,211

If the exchange rate of the indicated currency had moved by +/- 20% with all other variables remaining constant, the change in net assets attributable to holders of shares for the period would have been as follows:

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign Exchange Risk (continued)

	31-Dec-14	31-Dec-13
Net asset value at year/period end	18,827,585	4,764,211
Net asset value with a 20% rise in foreign exchange rate	18,424,725	4,482,676
Net asset value with a 20% fall in foreign exchange rate	19,431,877	5,186,513

The EUR and GBP exchange rates for the current and prior year had a maximum spread of 11%. The directors have deemed the use of 20% for the sensitivity analysis to be a prudent rate.

(b) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources in order to settle its obligations as they fall due.

The main liabilities for the Company are distributions due to external investors, dividends to PIMIL and PIMIL expenses either quarterly or monthly and payment of redemption monies when they fall due. The external investor distributions take priority over the PIMIL dividends and expenses in accordance with the scheme particulars.

Investors will only be able to realise their investment in the Company prior to maturity by redeeming their shares (which can only be effected at the directors' discretion) or by transfer to another person. Investment in the Company is therefore viewed as relatively illiquid.

As the subscriptions are for set periods, the Administrator is aware of when redemptions are due giving sufficient time in which to ensure the timely facilitation of the subscription monies back to the Company and then to the investor. The Board also monitor upcoming redemptions at the quarterly board meetings. Default rates in Brazil are also monitored regularly to ensure that there are no circumstances indicating that Providence Fomento is not readily converting the receivables it is purchasing into cash.

A loan framework Agreement has been put in place allowing PGL to settle obligations of Providence Fomento to the Company in respect of returns due, from which the Company will pay investor distributions. PGL have provided a guarantee to the directors of Providence Fomento that they will fund the obligations and liabilities due to the Company as they fall due. The agreement is detailed in full in note 7.

The directors are of the opinion that the current liquidity risk at 31 December 2014 of the Company is low. As at the 29th February 2016, of the 394 investments in the Company, 23 had fully redeemed - all other redemptions from the date of inception to the date of signing these financial statements had been reinvested back into the Company. All investor dividends due during the period and up to the date of signing of the financial statements had been paid in full.

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation.

As discussed in note 7, PGL as the parent company settles a number of obligations on behalf of both Providence Fomento and the Company. PGL is also acting as guarantor to Providence Fomento. PGL is required to carry out its own regular reviews of its ability to meet these guarantees in light of other guarantees given or commitments in place or any likely/potential financial obligations to its other subsidiary companies. This review has been carried out for the year and to the date of signing these financial statements and has been provided to the directors of the Company and Providence Fomento. The directors of the Company have concluded their review of the latest available report from PGL and are satisfied that PGL has sufficient resources to meet any required obligations as they fall due. PGL has pledged its own assets as security which comprise a number of successful trading businesses globally.

Providence Fomento has issued a permanent power of attorney in favour of the directors of the Company so that they are able to take over the management of Providence Fomento should they see fit.

The Company's investments are not widely diversified and as such they are geographically concentrated in Brazil. The success of Providence Fomento is due in part to the creditworthiness of the receivables they purchase. Historic default rates within the Brazilian Factoring industry are between 2.5% and 2.9% per annum, with non payment rates being below this, due primarily to the severe penalties suffered by defaulters.

The maximum credit risk exposure is £18,956,632 being the total value of the loans advanced.

The Investment manager regularly reviews concentrations of credit risk which is discussed at the quarterly board meetings. Any issues are reported to the board of the Company and the business risk assessment is updated accordingly which is tabled at the quarterly board meetings also.

(d) Market Risk

The ability of the Factoring Companies in Brazil to operate and create sufficient return to cover costs, interest return and, ultimately, return capital could be adversely affected if the factoring market debt discount factor drops to less than 50% of the current rates.

12 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market Risk (continued)

Average discount factors per month are published online by ANFAC. ANFAC is monitored by the Brazilian Central Bank in order to regulate the domestic factoring market. Since the inception of the Company these rates have varied between 4.0% to 4.5% per month, these rates are underpinned by Brazilian banking interest rates. The terms of the Company investments are such that the directors of both Providence Fomento and the Company have agreed to unwind debt positions, and thereby protect capital, if the published rate drops to 2.0% per month. At that point most of the outstanding debts will be at a rate above 2.0% per month and capital will therefore be protected.

(e) Concentration Risk

Concentration risk is the risk faced by not having a diversified investment portfolio, whereby a downturn in the performance of one investment would not necessarily have a material impact on the Company as a whole and its ability to continue as a going concern. All of Company's investments are in Brazil, therefore there is a country concentration risk for the Company.

The directors have deemed that within the activities of Providence Fomento there is not any concentration risk of note within the individual business utilising the factoring. The directors having reviewed and discussed the latest investment management reports provided by PIMIL covering the period 1 January 2015 to 31 December 2015 are comfortable that the Brazilian factoring market is sufficiently strong and there is no current indication that this will change in the foreseeable future. The directors are however exploring the options for diversifying from Brazilian factoring into other similar opportunities.

13 RELATED PARTIES

All of the Company's directors are directors and shareholders of the company's administrator, Lumiere Fund Services Limited. Lumiere Fund Services Limited is a related party by way of common ownership. No monies were paid directly from the Company to Lumiere Fund Services Limited during the year.

All investment loans as detailed in note 3 are held with Providence Fomento and BPA Fomento who are related parties with the Fund by virtue of common ownership. The loan balance outstanding as at the period end stood at £18,956,632 (2013: £4,762,000).

13 RELATED PARTIES (CONTINUED)

Income received during the year of £2,336,954 (2013: £211,292) and income receivable £131,203 (2013: £161,288) is due from Providence Fomento and BPA Fomento. All income received has been received from PGL in line with the agreement as detailed in note 7.

Participating shares of nil value have been issued to PIMIL who are entitled to receive dividends from the Fund as documented in note 8. As at 31 December 2014, the Company had declared £1,092,781 worth of dividends to PIMIL (2013: £26,758), these dividends were paid to PIMIL by PGL on behalf of the Company. £1,076,376 worth of dividends were paid during the year (2013: £12,525). The Company paid no expenses to PIMIL during the year (2013: £100,142).

PGL is the parent of the Company, Providence Fomento, BPA Fomento, PIMIL and Lumiere Fund Services Limited.

Commissions paid by PIMIL as detailed in note 7 include amounts payable to PSR Financial Limited, a company incorporated in Guernsey. The shareholders of PSR are Paul Everitt, Steve Dewsnip and Roger Parry, who are all directors of the Company. The only operating expenses of the Company are audit fees in respect of the year ended 31 December 2014 which totalled £35,362. These fees will be settled by Providence Group Finance Limited after the year end, a company related by way of common ownership, and recharged to PIMIL.

Annual company registry fees and the annual validation fee totalling £4,195 were settled by Lumiere Fund Services Limited. These fees will be recharged to PIMIL. The audit fee for the year of £35,362 will be settled by PIMIL.

Antonio Buzaneli is a director on the boards of Providence Fomento, BPA Fomento, the Company, PIMIL and Lumiere Fund Services Limited and is a significant shareholder in PGL.

14 CONTROLLING PARTY

The Directors consider the ultimate controlling parties of the Company to be Antonio Buzaneli and Jose Ordonez as the majority shareholders of the parent company Providence Global Limited.

15 EVENTS AFTER THE BALANCE SHEET DATE

Distributions of £240,113 were declared during the year and paid to investors after the balance sheet date (2013: £30,941). Dividends of £16,405 were paid to PIMIL after the balance sheet date (2013: 2,649)

15 EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

The following cells were established after the balance sheet date on 31 March 2015:

Providence December 2015 18 Month Monthly Distribution USD Cell
 Providence December 2015 18 Month Quarterly Distribution USD Cell
 Providence December 2015 36 Month Monthly Distribution USD Cell
 Providence December 2015 36 Month Quarterly Distribution USD Cell
 Providence December 2015 18 Month Monthly Distribution EUR Cell
 Providence December 2015 18 Month Quarterly Distribution EUR Cell
 Providence December 2015 36 Month Monthly Distribution EUR Cell
 Providence December 2015 36 Month Quarterly Distribution EUR Cell
 Providence December 2015 18 Month Monthly Distribution GBP Cell
 Providence December 2015 18 Month Quarterly Distribution GBP Cell
 Providence December 2015 36 Month Monthly Distribution GBP Cell
 Providence December 2015 36 Month Quarterly Distribution GBP Cell
 Providence December 2015 18 Month Monthly Distribution CHF Cell
 Providence December 2015 18 Month Quarterly Distribution CHF Cell
 Providence December 2015 36 Month Monthly Distribution CHF Cell
 Providence December 2015 36 Month Quarterly Distribution CHF Cell
 Providence December 2015 18 Month Accumulation USD Cell
 Providence December 2015 36 Month Accumulation USD Cell
 Providence December 2015 18 Month Accumulation EUR Cell
 Providence December 2015 36 Month Accumulation EUR Cell
 Providence December 2015 18 Month Accumulation GBP Cell
 Providence December 2015 36 Month Accumulation GBP Cell
 Providence December 2015 18 Month Accumulation CHF Cell
 Providence December 2015 36 Month Accumulation CHF Cell
 Providence December 2015 24 Month Monthly Distribution Political Risk Mitigation USD Cell
 Providence December 2015 24 Month Quarterly Distribution Political Risk Mitigation USD Cell
 Providence December 2015 24 Month Accumulation Political Risk Mitigation USD Cell
 Providence December 2015 48 Month Monthly Distribution Political Risk Mitigation USD Cell
 Providence December 2015 48 Month Quarterly Distribution Political Risk Mitigation USD Cell
 Providence December 2015 48 Month Accumulation Political Risk Mitigation USD Cell
 Providence December 2015 24 Month Monthly Distribution Political Risk Mitigation GBP Cell
 Providence December 2015 24 Month Quarterly Distribution Political Risk Mitigation GBP Cell
 Providence December 2015 24 Month Accumulation Political Risk Mitigation GBP Cell
 Providence December 2015 48 Month Monthly Distribution Political Risk Mitigation GBP Cell
 Providence December 2015 48 Month Quarterly Distribution Political Risk Mitigation GBP Cell
 Providence December 2015 48 Month Accumulation Political Risk Mitigation GBP Cell
 Providence December 2015 24 Month Monthly Distribution Political Risk Mitigation EUR Cell
 Providence December 2015 24 Month Quarterly Distribution Political Risk Mitigation EUR Cell
 Providence December 2015 24 Month Accumulation Political Risk Mitigation EUR Cell
 Providence December 2015 48 Month Monthly Distribution Political Risk Mitigation EUR Cell
 Providence December 2015 48 Month Quarterly Distribution Political Risk Mitigation EUR Cell
 Providence December 2015 48 Month Accumulation Political Risk Mitigation EUR Cell

15 EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

The following cells were established after the balance sheet date on 31 March 2015 (continued):

Providence Access GBP Cell

Providence Access USD Cell

Providence Access EUR Cell

The following cells were closed after the balance sheet date on 31 March 2015:

Providence September 2013 18 Month Quarterly Distribution USD Cell

The following cells were established after the balance sheet date on 3 November 2015:

Providence Hume Fixed Income GBP C3 Cell

Providence Hume Fixed Income USD C3 Cell

Providence Hume Fixed Income EUR C3 Cell

The following cells were closed after the balance sheet date on 5 November 2015:

Providence Hume Fixed Income GBP Cell - A Preference Shares

Providence Hume Fixed Income USD Cell - A Preference Shares

Providence Hume Fixed Income EUR Cell - A Preference Shares

The following cells were established after the balance sheet date on 1 January 2016:

Providence December 2016 18 Month Monthly Distribution USD Cell

Providence December 2016 18 Month Quarterly Distribution USD Cell

Providence December 2016 36 Month Monthly Distribution USD Cell

Providence December 2016 36 Month Quarterly Distribution USD Cell

Providence December 2016 18 Month Monthly Distribution EUR Cell

Providence December 2016 18 Month Quarterly Distribution EUR Cell

Providence December 2016 36 Month Monthly Distribution EUR Cell

Providence December 2016 36 Month Quarterly Distribution EUR Cell

Providence December 2016 18 Month Monthly Distribution GBP Cell

Providence December 2016 18 Month Quarterly Distribution GBP Cell

Providence December 2016 36 Month Monthly Distribution GBP Cell

Providence December 2016 36 Month Quarterly Distribution GBP Cell

Providence December 2016 18 Month Monthly Distribution CHF Cell

Providence December 2016 18 Month Quarterly Distribution CHF Cell

Providence December 2016 36 Month Monthly Distribution CHF Cell

Providence December 2016 36 Month Quarterly Distribution CHF Cell

Providence December 2016 18 Month Accumulation USD Cell

Providence December 2016 36 Month Accumulation USD Cell

Providence December 2016 18 Month Accumulation EUR Cell

15 EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

The following cells were established after the balance sheet date on 1 January 2016 (continued):

Providence December 2016 18 Month Accumulation GBP Cell
Providence December 2016 36 Month Accumulation GBP Cell
Providence December 2016 18 Month Accumulation CHF Cell
Providence December 2016 36 Month Accumulation CHF Cell
Providence December 2016 24 Month Monthly Distribution Political Risk Mitigation USD Cell
Providence December 2016 24 Month Quarterly Distribution Political Risk Mitigation USD Cell
Providence December 2016 24 Month Accumulation Political Risk Mitigation USD Cell
Providence December 2016 48 Month Monthly Distribution Political Risk Mitigation USD Cell
Providence December 2016 48 Month Quarterly Distribution Political Risk Mitigation USD Cell
Providence December 2016 48 Month Accumulation Political Risk Mitigation USD Cell
Providence December 2016 24 Month Monthly Distribution Political Risk Mitigation GBP Cell
Providence December 2016 24 Month Quarterly Distribution Political Risk Mitigation GBP Cell
Providence December 2016 24 Month Accumulation Political Risk Mitigation GBP Cell
Providence December 2016 48 Month Monthly Distribution Political Risk Mitigation GBP Cell
Providence December 2016 48 Month Quarterly Distribution Political Risk Mitigation GBP Cell
Providence December 2016 48 Month Accumulation Political Risk Mitigation GBP Cell
Providence December 2016 24 Month Monthly Distribution Political Risk Mitigation EUR Cell
Providence December 2016 24 Month Quarterly Distribution Political Risk Mitigation EUR Cell
Providence December 2016 24 Month Accumulation Political Risk Mitigation EUR Cell
Providence December 2016 48 Month Monthly Distribution Political Risk Mitigation EUR Cell
Providence December 2016 48 Month Quarterly Distribution Political Risk Mitigation EUR Cell
Providence December 2016 48 Month Accumulation Political Risk Mitigation EUR Cell



PROVIDENCE
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