

Company Registered No: 04252744

AC ASSET FINANCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 27 February 2018



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OFFICERS AND PROFESSIONAL ADVISORS

Directors

Mr Ian Luke
Mr David Sumner

Auditors

Defries Weiss (Accountants) Limited
311 Ballards Lane
London
N12 8LY

Solicitors

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Registered Office

20th Floor
125 Old Broad Street
London
EC2N 1AR

Registered in England and Wales

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 27 February 2018.

The Directors' report has been prepared in accordance with the special provisions available to companies entitled to the small companies' exemption.

Results and dividends

The loss after tax for the year amounted to £12,325 (2017: £14,598). The Directors do not recommend a final dividend.

Principal activities and review of the business

The Company's principal activity continues to be the provision of fixed asset finance.

The Company expects to enter in to future leasing arrangements that produce a net margin of over 3%. The Directors are actively looking for further leasing opportunities.

Going concern

Arunvill Capital Limited, an affiliated company, has agreed to provide financial support for at least 12 months from the date of signing these financial statements. Also, on the basis of the future business plan the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly these financial statements are prepared on a going concern basis.

Principal risks and uncertainties

The Company receives funding for its activities from Arunvill Capital Limited.

The Company's financial risk management objectives and policies regarding the use of financial instruments are set out in note 11 to these financial statements.

The Company seeks to minimise its exposure to external financial risks other than equity and credit risk, further information on financial risk management policies and exposures is disclosed in note 11.

Directors

The Directors who served during the year were as follows:

Mr Ian Luke

Mr David Sumner

None of the Directors have any interests in the share capital of the Company.

Political and charitable contributions

The Company has not made any charitable or political donations during the current or previous financial years.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he/she is obliged to take as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

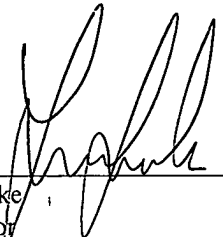
This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

DIRECTORS' REPORT (continued)

Auditors

Defries Weiss (Accountants) Limited were reappointed as auditors of the Company under Section 487 of Companies Act 2006.

Signed on behalf of the Board of Directors by:



Ian Luke
Director
17 July 2018

DIRECTORS' REPORT (continued)**DIRECTORS' RESPONSIBILITIES STATEMENT**

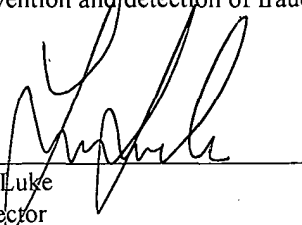
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 International Financial Reporting Standards (IFRSs) 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 the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cashflows of the Company;
- select suitable accounting policies in accordance with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial performance, and
- state that the Company have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements

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.



Ian Luke
Director
17 July 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AC ASSET FINANCE LIMITED

Opinion

We have audited the financial statements of AC Asset Finance Limited (the 'company') for the year ended 27 February 2018 on pages 8 to 19, which comprise of the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 February 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
AC ASSET FINANCE LIMITED (continued)

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 Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

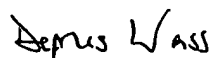
As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable 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.

Our 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 a Report of the Auditors 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 for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



Warren Weiss LLB, MSc, FCA (Senior Statutory Auditor)
For and on behalf of Defries Weiss (Accountants) Limited
Statutory Auditors
311 Ballards Lane
London
N12 8LY

Date: 19/7/18

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 27 February 2018

Continuing operations	Notes	Year ended 27 February 2018 £	Year ended 27 February 2017 £
Revenue	3	-	7
Operating expenses	4	(13,998)	(17,404)
Operating loss		(13,998)	(17,397)
Finance income	5	1,673	2,964
Finance cost	6	-	(165)
Loss before tax		(12,325)	(14,598)
Tax credit	7	-	-
Loss for the year		(12,325)	(14,598)
Other comprehensive income		-	-
Total comprehensive loss for the year		(12,325)	(14,598)

The accompanying notes form an integral part of these financial statements.

Continuing operations

The results in the above year ends are derived from continuing operations.

Statement of total recognised gains and losses

The Company has no recognised gains or losses other than the losses for the above year ends.

STATEMENT OF FINANCIAL POSITION
as at 27 February 2018

	Notes	27 February 2018 £	27 February 2017 £
<u>Assets</u>			
Current assets			
Loan receivables	8	21,351	36,418
Trade and other receivables	9	4,890	360
Cash and cash equivalents	12	-	4,488
		<u>26,241</u>	<u>41,266</u>
Total assets		<u>26,241</u>	<u>41,266</u>
<u>Liabilities</u>			
Current liabilities			
Accruals and other liabilities	10	13,950	16,650
		<u>13,950</u>	<u>16,650</u>
Total liabilities		<u>13,950</u>	<u>16,650</u>
<u>Equity</u>			
Share capital	13	100	100
Retained earnings		12,191	24,516
Total equity		<u>12,291</u>	<u>24,616</u>
Total liabilities and equity		<u>26,241</u>	<u>41,266</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 July 2018 and signed on its behalf by:



Ian Luke
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 27 February 2018

	Share capital £	Retained earnings £	Total £
At 27 February 2016	100	39,114	39,214
Total comprehensive loss	-	(14,598)	(14,598)
At 27 February 2017	100	24,516	24,616
Total comprehensive loss	-	(12,325)	(12,325)
At 27 February 2018	100	12,191	12,291

Total comprehensive loss for the year of £12,325 (2017: £14,598) was wholly attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENT
for the year ended 27 February 2018

	Note	27 February 2018 £	27 February 2017 £
Operating activities			
Loss before tax		(12,325)	(14,598)
Adjustments for:			
Finance income	5	(1,673)	(2,964)
Finance cost	6	-	165
Operating cash flows before movements in working capital		<u>(13,998)</u>	<u>(17,397)</u>
Decrease in finance lease receivables		-	1,045
(Increase)/decrease in trade and other receivables		(4,530)	101
Decrease in accruals and other liabilities		(2,700)	(24,072)
Net cash flows used by operating activities		<u>(21,228)</u>	<u>(40,323)</u>
Cash flows from financing activities			
Reduction in loans from group undertakings		-	(21,539)
Interest on loans		1,673	2,964
Net cash flows generated from/(used by) financing activities		<u>1,673</u>	<u>(18,575)</u>
Net decrease in cash and cash equivalents		(19,555)	(58,898)
Cash and cash equivalents at beginning of year		40,906	99,804
Cash and cash equivalents at end of year	12	<u>21,351</u>	<u>40,906</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 February 2018

1. Accounting policies

a) Presentation of accounts

The financial statements are prepared on a going concern basis (see the Directors' Report) and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union (EU) (together "IFRS").

The financial statements are prepared on the historical cost basis.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

The Company is incorporated in the UK and registered in England and Wales. The Company's accounts are presented in accordance with the Companies Act 2006.

b) Revenue recognition and expenses

Revenue from finance leases and loans and receivables is recognised in accordance with the Company's policies on leases and loans and receivables (see below). Revenue arises in the United Kingdom from continuing activities.

Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment using the effective interest method. Unguaranteed residual values are subject to regular review. If there is a reduction in the estimated unguaranteed residual value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

Interest income on financial assets that are classified as loans and receivables, and interest expense on financial liabilities are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

c) Leases

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer. Other contracts to lease assets are classified as operating leases.

Finance lease receivables are stated in the statement of financial position at the amount of the net investment in the lease being the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease.

d) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprises cash and on demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

e) Capital management

The directors monitor the capital requirements of the Company. The ultimate parent company will support any future capital requirements.

f) Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 27 February 2018

1. Accounting policies - continued

g) Financial assets

On initial recognition, financial assets are classified into held-to-maturity investments; loans and receivables; held-for-trading; designated as at fair value through profit or loss; or available-for-sale financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

h) Financial liabilities

On initial recognition, financial liabilities are classified as at amortised cost.

Amortised cost

All financial liabilities are measured at amortised cost using the effective interest method.

i) Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the previous year financial statements for the year ended 27 February 2017, except for the adoption of new standards and interpretations effective for annual period beginning on or after as of 1 January 2017, as listed below. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and interpretation apply for the first time in 2017, they do not have a material impact on the financial statements of the Company.

- IAS 7 Disclosure Initiative – Amendments to IAS 7
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
- IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

Standards, amendments and interpretations in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (1 January 2018)
- IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 (1 January 2018)
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4 (1 January 2018)
- Amendments to IAS 40 Transfers of Investment Property (1 January 2018)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (1 January 2018)
- Annual Improvement Plan IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters (1 January 2018)
- Annual Improvement Plan IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment – by – investment choice (1 January 2018)
- IFRS 16 Leases (1 January 2019)
- Amendments to IFRS 9 – Prepayment features with Negative Compensation (1 January 2019)
- Amendments to IAS 28 – Long-term interests in Associates and Joint Ventures (1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (1 January 2019)
- Annual Improvement Plan IFRS 3 Business Combinations – Previously held interests in a joint operation (1 January 2019)
- Annual Improvement Plan IFRS 11 Joint Arrangements – Previously held interests in a joint operation (1 January 2019)
- Annual Improvement Plan IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity (1 January 2019)
- Annual Improvement Plan IAS 23 – Borrowing costs eligible for capitalization (1 January 2019)

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 27 February 2018

1. Accounting policies – continued

i) Changes in accounting policy and disclosures – continued

Standards, amendments and interpretations in issue but not yet effective - continued

- IFRS 17 Insurance Contracts (1 January 2021)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Indefinitely)

Management expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK Company law and IFRS require the Directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the Company's accounting policies that are considered by the Directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

Leased assets

The judgements and assumptions involved in the Company's accounting policies which have the most significant effect on the amounts recognised in the financial statements are those that relate to the criteria for assessing whether substantially all the significant risks and rewards of ownership of leased assets are transferred to other entities.

3. Revenue

	Year ended 27 February 2018 £	Year ended 27 February 2017 £
Finance lease income:		
Rental income	-	7
	<u>-</u>	<u>7</u>

4. Operating expenses

	Year ended 27 February 2018 £	Year ended 27 February 2017 £
Audit fees	8,750	8,750
Professional fees	5,200	8,400
Other expenses	48	254
	<u>13,998</u>	<u>17,404</u>

Staff costs, number of employees and directors' emoluments

The Company has no employees. The Directors of the Company do not receive remuneration for specific services provided to the Company.

Auditor's remuneration

The auditor's remuneration for the current year is £8,750 (2017: £8,750). No fees for any other services were paid to the Company's auditors.

AC ASSET FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 27 February 2018

5. Finance income

	Year ended 27 February 2018 £	Year ended 27 February 2017 £
Interest receivable from group undertakings	1,673	2,964

6. Finance cost

	Year ended 27 February 2018 £	Year ended 27 February 2017 £
Interest on loans from group undertakings	-	165

7. Tax

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 19.09% (2017: 20%) as follows:

	Year ended 27 February 2018 £	Year ended 27 February 2017 £
Loss before tax	(12,325)	(14,598)
Expected corporation tax charge	(2,353)	(2,920)
<i>Effects of:</i>		
Tax on capital element of lease payments	-	209
Capital allowances	-	(1,847)
Loan relationships	(319)	(560)
Current year losses for which no deferred tax asset has been recognised	2,672	5,118
Actual tax credit for the year	-	-

The Company has trading losses of £104,639. The unrecognised deferred tax asset is £19,881 and is calculated at 19%, the substantially enacted rate at the balance sheet date.

8. Loan receivables

	27 February 2018 £	27 February 2017 £
Loans to other undertakings	21,351	36,418

9. Trade receivables

	27 February 2018 £	27 February 2017 £
Taxes receivable	2,790	360
Unbanked cheques	2,100	-
	4,890	360

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 27 February 2018

10. Accruals and other liabilities

	27 February 2018	27 February 2017
	£	£
Accruals	13,950	16,650
	<u>13,950</u>	<u>16,650</u>

11. Financial instruments and risk management

(i) Fair value

There is no material difference between the fair value of financial instruments carried on the balance sheet and their carrying value.

The fair value of loans and receivables is estimated by discounting expected future cash flows using current interest rates and making adjustments for credit.

All financial assets are classed as finance lease receivables or loans and receivables. All financial liabilities are classed as amortised cost.

(ii) Financial risk management

The principal risks associated with the Company's businesses are as follows:

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and foreign currency together with related parameters such as market volatilities.

Interest rate risk

Interest rate risk arises where assets and liabilities have different re-pricing maturities.

The financial liabilities of the Company consist of amounts due to group undertakings and third party liabilities. The amounts due to group undertakings do not have any significant interest rate risk as they are due primarily on demand. The third party trade payables do not have any significant interest rate risk as the Company follows the policy and practice on payment of creditors determined by Arunvill Capital Limited.

The following tables indicate the financial assets and liabilities exposed to interest rate risk:

	Fixed interest earning £	Non-interest earning £	Total £
27 February 2018			
Financial assets			
Loan receivables	21,351	-	21,351
Trade and other receivables	-	4,890	4,890
	<u>21,351</u>	<u>4,890</u>	<u>26,241</u>
Financial liabilities			
Accruals and other liabilities	-	13,950	13,950
	<u>-</u>	<u>13,950</u>	<u>13,950</u>
Net financial assets/(liabilities)	<u>21,351</u>	<u>(9,060)</u>	<u>12,291</u>
27 February 2017			
Financial assets			
Loan receivables	36,418	-	36,418
Trade and other receivables	-	360	360
	<u>36,418</u>	<u>360</u>	<u>36,778</u>
Financial liabilities			
Accruals and other liabilities	-	16,650	16,650
	<u>-</u>	<u>16,650</u>	<u>16,650</u>
Net financial assets/(liabilities)	<u>36,418</u>	<u>(16,290)</u>	<u>20,128</u>

The Company has no exposure to variable interest rate risk and, as such, has no interest rate risk sensitivity.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 27 February 2018

11. Financial instruments and risk management - continued

(ii) Financial risk management - continued

Currency risk

The Company has no currency risk as all transactions and balances are denominated in sterling.

Credit risk

The objective of credit risk management is to enable the Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

The key principles of the company's credit risk management framework are set out below:

- Approval of all credit exposure is granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority is dictated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

Maximum credit exposure and neither past due nor impaired:

	No. of counterparties	27 February 2018 £	27 February 2017 £
<u>Sector</u>			
Group undertakings	1	21,351	36,418
Maximum credit exposure		21,351	36,418

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by the directors and the Company Chief Operating Officer and Chief Executive Officer. The Company also maintains contingency facilities to support operations in the event of disasters.

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities.

Management focuses on both the statement of financial position structure and the control, within prudent limits, of risk arising from the mismatch of maturities across the statement of financial position and from undrawn commitments and other contingent obligations.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 27 February 2018

11. Financial instruments and risk management - continued

(ii) Financial risk management - continued

Financial Liabilities and Financial Assets

The following table shows by contractual maturity the cash flows payable and receivable from the statement of financial position date including future interest payments:

	27 February 2018		27 February 2017	
	0 – 12	1 – 3	0 – 12	1 – 3
	months	years	months	years
	£	£	£	£
Financial Assets				
Trade and other receivables	26,241	-	36,778	-
	<u>26,241</u>	<u>-</u>	<u>36,778</u>	<u>-</u>
Financial Liabilities				
Accruals and other liabilities	13,950	-	16,650	-
	<u>13,950</u>	<u>-</u>	<u>16,650</u>	<u>-</u>
Net financial assets	<u>12,291</u>	<u>-</u>	<u>20,128</u>	<u>-</u>

12. Cash and cash equivalents per cash flow statement

	27 February 2018	27 February 2017
	£	£
Cash at bank	-	4,488
Deposits with group undertakings (note 8)	21,351	36,418
Cash and cash equivalents per cash flow statement	<u>21,351</u>	<u>40,906</u>

13. Share capital

	27 February 2018	27 February 2017
	£	£
Authorised:		
100 Ordinary shares of £1	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
100 Ordinary shares of £1	100	100
	<u>100</u>	<u>100</u>

The Company has one class of ordinary voting shares which carries no right to fixed income.

14. Capital resources

The Company's capital consists of equity comprising issued share capital, retained earnings and loans from group undertakings. Going forward the Company will be funded through intercompany loans from Arunvill Capital Limited, its affiliate company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 27 February 2018

15. Related parties

Group undertakings

Amounts due to or from related parties are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

As at 27 February 2018 the Company was owed £21,351 by Arunvill Capital Limited ("ACL") (2017: £36,418). This amount was made up of £38,091 being the residual balance of an £80,000 loan extended to ACL on 26 February 2016 at 5% interest per annum, less £16,740 being invoices paid by ACL on behalf of the Company.

16. Ultimate holding company

The Company is a wholly owned subsidiary of Arulux First S.à r.l, a company incorporated and registered in Luxembourg. The ultimate parent company and controlling entity is Arunvill Holdings (Gibraltar) Limited, a corporation registered in Gibraltar.

The Company's financial statements have been included in the group financial statements of the ultimate parent company, Arunvill Holdings (Gibraltar) Limited, c/o Line Group Limited, 57/63 Line Wall Road, PO Box 199, Gibraltar.