

COMPANY REGISTRATION NO. 05419479 (England and Wales)

**BUSINESS MORTGAGE FINANCE 3 PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2022**

TUESDAY



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**BUSINESS MORTGAGE FINANCE 3 PLC**

**COMPANY INFORMATION**

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**Directors**

Ms C Bidel  
Mr M Speight

**Secretary**

Apex Group Secretaries (UK) Limited

**Company number**

05419479

**Registered office**

6th Floor  
125 London Wall  
London  
EC2Y 5AS

**Auditor**

Ecovis Wingrave Yeats LLP  
Chartered Accountant & Statutory Auditor  
Waverley House  
7-12 Noel Street  
London  
W1F 8GQ

**Banker**

Barclays Bank Plc  
One Churchill Place  
London  
E14 5HP

**Solicitor**

Clifford Chance  
10 Upper Bank Street  
London  
E14 5JJ

## **BUSINESS MORTGAGE FINANCE 3 PLC**

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## **BUSINESS MORTGAGE FINANCE 3 PLC**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 MAY 2022**

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The directors present their report and financial statements for the period from 1 June 2021 to 31 May 2022.

#### **Business Review**

In 2018, the Company sold the portfolio of loan assets that it held. The proceeds of the sale were sufficient for the Company to call the securitisation transaction used to fund the holding of the portfolio. The Company retains a residual portfolio of unsecured debts which have been fully provided for which the directors are evaluating to determine a strategy going forward.

During the year £1k (2021 - £14k) of unsecured debts was recovered and recognised on the P&L.

#### **Risk Management and Control**

The Company seeks to manage the risks that arise from its activities. The risk framework in which the Company operated previously was documented in the Offering Circular together with an assessment of how the Company would mitigate the risks using financial derivatives.

The principal risk left within the business is liquidity risk, which is the risk that the Company will not have sufficient liquid funds to meet its liabilities as they fall due. The directors consider that the underlying residual assets of the Company will continue to generate sufficient cashflow to meet its future liabilities.

#### **Future Developments and post balance sheet events**

As described above, the directors are evaluating the economic value of the residual portfolio which is unsecured and fully provided within the financial statements. The outcome of the evaluation exercise will determine the way forward for the Company.

#### **Key Performance Indicators**

The directors consider that there are no key performance indicators that govern the management of the Company given the restricted activity of the Company post call of the securitisation transaction. The securitisation portfolio was sold and now only retains certain residual assets which have been valued at £Nil (2021 - £Nil).

On behalf of the Board



Mr M Speight

**Director**

27<sup>th</sup> February 2023

**BUSINESS MORTGAGE FINANCE 3 PLC**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MAY 2022**

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The directors present their annual report and financial statements for the year ended 31 May 2022.

**Principal activities**

Prior to 15th February 2018 the Company's principal activity was holding a loan portfolio as part of the historic Commercial First programme of securitisations. However, on 15 February 2018, the Company's loan portfolio was sold, and the Company now only retains certain residual assets and the directors expect the Company will be wound down in due course. As the directors do not intend to seek further trade for the Company, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.2.

**Directors**

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

Mr M Speight

(Appointed 24 April 2018)

Ms C Bidel

(Appointed 14 December 2018)

None of the directors have any beneficial interest in the ordinary share capital of the Company (2021 - Nil).

**Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2021 - £Nil).

**Financial instruments**

The financial instruments held by the Company are made up of unsecured loans that have been fully provided as the recoverability of the debt is uncertain and cash that arise directly from its operations.

The main risks arising from the Company's previous trading are described in the prior year's annual report, the residual risk for the Company are liquidity risk. The directors' review of and policies for managing this is summarised below.

**Liquidity Risk**

The Company strategy is to collect cash receipts from the unsecured loans until it is not economically viable to do so.


**Auditor**

The auditor, Ecovis Wingrave Yeats LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Statement of disclosure to the auditor**

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

On behalf of the Board

  
Mr M Speight

Director

27<sup>th</sup> February 2023

6th Floor  
125 London Wall  
London  
EC2Y 5AS

**BUSINESS MORTGAGE FINANCE 3 PLC**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 MAY 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Responsibility statement of the directors in respect of the annual financial report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report and directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board



Mr M Speight

**Director**

27<sup>th</sup> February 2023

**BUSINESS MORTGAGE FINANCE 3 PLC**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 3 PLC**

**FOR THE YEAR ENDED 31 MAY 2022**

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**Opinion**

We have audited the financial statements of Business Mortgage Finance 3 Plc (the 'Company') for the year ended 31 May 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 May 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council'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.

**Emphasis of matter - Financial statements prepared on a basis other than that of going concern**

We draw attention to note 1.2 in the financial statements, which indicates that these financial statements have not been prepared on a going concern basis. A full description of the events giving rise to the Company not being a going concern has been included in note 1.2, as has its effect on accounting policies and accounting adjustments. We have considered the adequacies of the disclosures made in the financial statements, and our audit opinion is not modified in respect of the matter.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**BUSINESS MORTGAGE FINANCE 3 PLC**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 3 PLC (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2022**

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**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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework FRS 102 and the UK tax compliance regulations. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.



**BUSINESS MORTGAGE FINANCE 3 PLC**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 3 PLC (CONTINUED)**

**TO THE MEMBERS OF BUSINESS MORTGAGE FINANCE 3 PLC**

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• In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to General Data Protection Regulation (GDPR), fraud, bribery and corruption. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

• We assessed the susceptibility of the Company financial statements to material misstatement. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to areas of estimate and judgement in the financial statements (significantly the assessment of impairment of assets).

• Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:

- o Review of Board minutes;
- o Reviewed large and unusual bank transactions;
- o Review of all manual inputs into the financial statements.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**Use of our report**

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

*Gerry Collins*

Gerard Collins (Senior statutory auditor)  
for and on behalf of  
Ecovis Wingrave Yeats LLP  
Chartered Accountant & Statutory Auditor  
Waverley House  
7-12 Noel Street  
London  
W1F 8GQ

27<sup>th</sup> February 2023

**BUSINESS MORTGAGE FINANCE 3 PLC****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MAY 2022**

	Notes	31-May-22 £ 000	31-May-21 £ 000
Operating expenses		(17)	(44)
Bad debt recoveries		1	14
Movement in accruals and debtors		(13)	(6)
<b>(Loss) on ordinary activities before income tax</b>	<b>3</b>	<b>(29)</b>	<b>(36)</b>
Tax on (loss)	<b>5</b>	0	0
<b>(Loss) for the financial year/period</b>		<b>(29)</b>	<b>(36)</b>

The Financial Statements are to be read alongside the notes on pages 12 to 15.

**BUSINESS MORTGAGE FINANCE 3 PLC****OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MAY 2022**

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	<b>31-May-22</b>	<b>31-May-21</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>(Loss)/profit for the year/period</b>	(29)	(36)
<b>Other comprehensive income</b>	0	0
<b>Total comprehensive (expense) for the year/period</b>	<u>(29)</u>	<u>(36)</u>

The Financial Statements are to be read alongside the notes on pages 12 to 15.

**BUSINESS MORTGAGE FINANCE 3 PLC****BALANCE SHEET****FOR THE YEAR ENDED 31 MAY 2022**

		31-May-22		31-May-21	
	Notes	£ 000	£ 000	£ 000	£ 000
<b>Current assets</b>					
Cash at bank and in hand		25		41	
		<u>25</u>		<u>41</u>	
<b>Creditors: amounts falling due within one year</b>	7	(42)		(29)	
		<u></u>		<u></u>	
<b>Net current (liabilities)/assets</b>			(17)		12
<b>Total assets less current liabilities</b>			<u>(17)</u>		<u>12</u>
<b>Net (liabilities)/assets</b>			<u>(17)</u>		<u>12</u>
<b>Capital and reserves</b>					
Called up share capital	8		13		13
Profit and loss reserves			(30)		(1)
			<u></u>		<u></u>
<b>Total shareholders deficit</b>			<u>(17)</u>		<u>12</u>

The Financial Statements are to be read alongside the notes on pages 12 to 15.

The financial statements were approved by the Board of Directors and authorised for issue on 27<sup>th</sup> February 2023 and are signed on its behalf by:

On behalf of the Board



**Mr M Speight**

27<sup>th</sup> February 2023

Company Registration No. 05419479

**BUSINESS MORTGAGE FINANCE 3 PLC****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MAY 2022**

	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Balance at 31 May 2021</b>	13	(1)	12
Loss and total comprehensive income for the period		(29)	(29)
<b>Balance at 31 May 2022</b>	13	(30)	(17)

The Financial Statements are to be read alongside the notes on pages 12 to 15.

**BUSINESS MORTGAGE FINANCE 3 PLC****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MAY 2022**

	Notes	31-May-22 £ 000	31-May-21 £ 000
<b>Cash flows from operating activities</b>			
Cash (absorbed by)/generated operations	11	(16)	(30)
<b>Net cash from operating activities</b>		<u>(16)</u>	<u>(30)</u>
<b>Investing activities</b>			
<b>Net cash from investing activities</b>		<u>0</u>	<u>0</u>
<b>Financing activities</b>			
<b>Net cash from financing activities</b>		<u>0</u>	<u>0</u>
<b>Net (decrease) in cash and cash equivalents</b>		(16)	(30)
Cash and cash equivalents at beginning of year/period		41	71
<b>Cash and cash equivalents at end of year/period</b>		<u><u>25</u></u>	<u><u>41</u></u>

The Financial Statements are to be read alongside the notes on pages 12 to 15.

**BUSINESS MORTGAGE FINANCE 3 PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2022**

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**1 Accounting policies**

**Company information**

Business Mortgage Finance 3 Plc is a public company, limited by shares, incorporated in England and Wales. The registered office is 6th Floor, 125 London Wall, London, EC2Y 5AS.

**1.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £ 000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

The Company is a Special Purpose Vehicle ("SPV") with the sole purpose of holding a portfolio of loans for the benefit of the note holders. The directors having sold the portfolio of loans and settled the outstanding liabilities of the Company and will not seek further trade for the Company and will wind the company up in due course.

The directors have not prepared the financial statements on a going concern basis.

No other adjustments would be necessary to the amounts at which the net remaining assets are included in these financial instruments.

**1.3 Segmental analysis**

The Company's operations are carried out in the United Kingdom and the directors only report one business and one geographic segment.

**1.4 Financial instruments**

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

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

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

**Basic financial assets**

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

**Impairment of financial assets**

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 MAY 2022**

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#### **1 Accounting policies**

##### **Basic financial liabilities**

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

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

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

##### **Other financial liabilities**

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

##### **Derecognition of financial liabilities**

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

#### **1.5 Equity instruments**

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

#### **1.6 Taxation**

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

##### **Current tax**

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

#### **1.7 Cash and cash equivalents**

Cash at bank and in hand comprise cash balances.

#### **2 Judgements and key sources of estimation uncertainty**

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

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

##### **Critical judgements**

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

##### **Key areas of judgement**

Management have not applied any significant judgements or estimates in the preparation of the financial statements.



**BUSINESS MORTGAGE FINANCE 3 PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2022****3 Operating Profit**

	<b>31-May-22</b>	<b>31-May-21</b>
	<b>£ 000</b>	<b>£ 000</b>
Operating loss for the period is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements (excl. VAT)	8	8

**4 Employees**

The average number of employees, excluding directors, during the period was 0 (2021 - 0).

**5 Taxation**

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

	<b>31-May-22</b>	<b>31-May-21</b>
	<b>£ 000</b>	<b>£ 000</b>
(Loss) before taxation	(29)	(36)
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	0	0
Utilisation of brought forward tax losses	0	0
Taxation charge for the year/period	-	-

**6 Financial instruments**

The Company's exposure to financial instruments was removed when the securitisation transaction was called and the outstanding loan notes were repaid. The Company retained the non-interest bearing unsecured debt portfolio which been valued at £Nil (2021 - £Nil).

	<b>31-May-22</b>	<b>31-May-21</b>
	<b>£ 000</b>	<b>£ 000</b>
Unsecured loans	18,509	18,510
Provision	(18,509)	(18,510)
	-	-

During 2022 £1k (2021 - £14k) was recovered.

**7 Creditors: amounts falling due within the year**

	<b>31-May-22</b>	<b>31-May-21</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Amounts falling due within one year:</b>		
Accruals and deferred income	42	29
	42	29

**BUSINESS MORTGAGE FINANCE 3 PLC****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2022****8 Share capital**

	31-May-22 £	31-May-21 £
<b>Ordinary share capital</b>		
2 Ordinary shares of £1 each - fully paid	2	2
49,998 Ordinary shares of £1 each - 25% paid	12,500	12,500
	<u>12,502</u>	<u>12,502</u>

Each share is entitled to one vote in any circumstance. Each share is entitled to equal dividends.

**9 Related party transactions**

The Company is a special purpose vehicle controlled by the directors. There are two directors provided by Apex Group Secretaries (UK) Limited.

The Company has paid a fee of £16,153 to Apex Group Secretaries (UK) Limited for the provision of the directors and accrued £9,613 (2021: £16,153) for fees payable.

**10 Ultimate parent undertaking and controlling party**

The Company's immediate parent company is BMF Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire share capital of BMF Holdings Limited is held on a discretionary trust basis under a share trust deed by the legal parent company, Apex Trustee Company UK Limited, a company incorporated in the United Kingdom and registered in England and Wales. As the trustees are not entitled to any economic benefit and the beneficiaries do not have any decision-making power, there is no controlling party.

**11 Cash generated from operations**

	31-May-22 £ 000	31-May-21 £ 000
(Loss) for the year after tax	(29)	(36)
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	0	0
Increase in creditors	13	6
<b>Cash from operations</b>	<u>(16)</u>	<u>(30)</u>