

ASSET ALLIANCE GROUP HOLDINGS LIMITED

Company registration number 07726176

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021



ASSET ALLIANCE GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J Cobb D Crawford A Lannon P Marrow W Paterson A Salmon M Van Tonder D Wilson
Company Secretary	N Jennings
Registered number	07726176
Registered office	Arbuthnot House 7 Wilson Street London EC2M 2SN
Auditor	Mazars LLP 100 Queen Street Glasgow G1 3DN

ASSET ALLIANCE GROUP HOLDINGS LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

The Directors present the Strategic Report, the Directors' Report and the financial statements of the Company for the year ended 31 December 2021.

Business review

The principal activity of the Company is to act as a holding company for an investment in a group of companies engaged in contract hire, leasing and hire purchase of commercial vehicles.

On 10 December 2020, the Company entered into an agreement to sell its entire share capital to Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC. Following regulatory approval, the transaction completed on 31 March 2021.

On 9 December 2020 £2,898,234 of the management loan notes were settled for £1,100,000, with the remaining value of £1,551,766 settled by a share issue of 2,316 C shares of £0.01 each.

On 9 December 2020, Asset Alliance Finance Limited transferred deep discounted bonds with a face value of £18,999,329 to the Company. These bonds were then settled by a share issue of 102,331 A shares of £0.01 each.

Following the completion of the transaction with Arbuthnot Latham & Co., Limited all shares were reclassified as Ordinary Shares. Refer to Note 12 for further details.

Principal risks and uncertainties

As a holding company the risks and uncertainties affecting the Company are limited. The main risk is a downturn in the general economy and the adverse impact that this may have on the company's subsidiaries. This risk is mitigated within each of the subsidiaries as far as possible through regular Board meetings, budget reviews, planning processes and the preparation and analysis of detailed monthly management accounts.

In addition, the daily operational risks are managed via the Executive Committee. These include pricing, residual risk, asset management, credit risk, health and safety, IT and cyber risk, and interest rate risk. The company employs individuals with significant experience and industry knowledge to manage these risks and report to the Executive Committee.

Financial key performance indicators

Given the nature of its operations, there are no key performance indicators.

Future developments

Following the acquisition of the Group by Arbuthnot Latham & Co., Limited, the AAGHL Group will use the funding available to continue to grow its position in the marketplace.

This report was approved by the Board on 22 April 2022 and signed on its behalf by:

David S Crawford
David S Crawford (Apr 22, 2022 14:54 GMT+1)

D Crawford
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Directors

The Directors who served during the year and up to the date of these financial statements were signed were:

J Cobb (appointed 31 March 2021)
D Crawford (appointed 31 March 2021)
J Jenkins (resigned 31 March 2021)
A Lannon
P Marrow (appointed 31 March 2021)
D McArthur (resigned 31 March 2021)
R McDougall (resigned 31 March 2021)
W Paterson
A Salmon (appointed 31 March 2021)
M Van Tonder (appointed 31 March 2021)
D Wilson (appointed 31 March 2021)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Matters covered in the Strategic Report

The business review, principal risks and uncertainties and future developments are included within the Strategic Report on page 1.

Disclosure of information to the auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Following the sale of the company on 31 March 2021, the company terminated the appointment of Azets Audit Services LLP and appointed Mazars LLP, the auditor of the new ultimate parent company. A resolution for the re-appointment of Mazars LLP as auditor will be proposed to the shareholders in accordance with section 487 of the Companies Act 2006.

The report was approved by the Board on 22 April 2022 and signed on its behalf by:

David S Crawford
David S Crawford (Apr 22, 2022 14:54 GMT+1)

D Crawford
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Asset Alliance Group Holdings Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, The Statement of Changes in Equity and 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP HOLDINGS LIMITED (CONTINUED)

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 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 set out on page 2, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP HOLDINGS LIMITED (CONTINUED)

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related posting manual journal entries to manipulate

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP HOLDINGS
LIMITED (CONTINUED)

financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and Management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud; and
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit report

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

Fiona Martin

Fiona Martin (Apr 22, 2022 15:20 GMT+1)

Fiona Martin (Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Apr 22, 2022

ASSET ALLIANCE GROUP HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Administrative expenses		-	(57,461)
Operating loss	4	-	(57,461)
Interest payable and similar expenses	6	-	(272,939)
Loss before taxation		-	(330,400)
Taxation	7	-	-
Loss after taxation		-	(330,400)

There were no recognised gains and losses other than those included in the Statement of Comprehensive Income.

The notes on pages 11 to 19 form part of these financial statements.

ASSET ALLIANCE GROUP HOLDINGS LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed Assets			
Investments	8	<u>25,404,331</u>	<u>25,404,331</u>
		25,404,331	25,404,331
Current Assets			
Debtors: amounts falling due within one year	9	<u>671</u>	<u>671</u>
Cash and cash equivalents	10	<u>-</u>	<u>218</u>
		671	889
Creditors: amounts falling due within one year	11	<u>(3,136,965)</u>	<u>(3,137,183)</u>
Net current assets		(3,136,294)	(3,136,294)
Total assets less current liabilities		<u>22,268,037</u>	<u>22,268,037</u>
Capital and reserves			
Share capital	12	<u>2,218</u>	<u>2,218</u>
Share premium	13	<u>22,348,282</u>	<u>22,438,282</u>
Profit and loss account	13	<u>(82,463)</u>	<u>(82,463)</u>
		<u>22,268,037</u>	<u>22,268,037</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 22 April 2022 by:

David S Crawford
David S Crawford (Apr 22, 2022 14:54 GMT+1)

D Crawford
Director

The notes on pages 11 to 19 form part of these financial statements.

ASSET ALLIANCE GROUP HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021	2,218	22,348,282	-	(82,463)	22,268,037
Comprehensive income for the year:					
Profit for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
At 31 December 2021	2,218	22,348,282	-	(82,463)	22,268,037

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital £	Share premium £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020	1,173	-	946,717	(25,002)	922,888
Comprehensive income for the year:					
Loss for the year	-	-	-	(330,400)	(330,400)
Total comprehensive income for the year	-	-	-	(330,400)	(330,400)
Shares issued during the year	1,045	19,876,270	-	-	19,877,315
Transfer between other reserves – capital contribution	-	2,472,012	(2,472,012)	-	-
Transaction with owners – capital contribution	-	-	1,798,234	-	1,798,234
Transfer between reserves	-	-	(272,939)	272,939	-
	1,045	22,348,282	(946,717)	272,939	21,675,549
At 31 December 2020	2,218	22,348,282	-	(82,463)	22,268,037

The notes on pages 11 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General Information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Company's transactions are denominated. They comprise the financial statements of the Company drawn up for the year ended 31 December 2021.

Asset Alliance Group Holdings Limited is a Company limited by shares incorporated in the United Kingdom and registered in England. Details of the registered office and number can be found on the Company information page of these financial statements.

2. Accounting policies

2.1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies, as detailed in note 3.

The following principal accounting policies have been applied:

2.2. Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7

This information is included in the consolidated financial statements of Arbuthnot Banking Group PLC as at 31 December 2021 and these financial statements may be obtained from Arbuthnot House, 7 Wilson Street, London, EC2M 2SN.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2.3. Going concern

The share capital of Asset Alliance Group Holdings Limited was purchased by Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC., on 31 March 2021. Following completion of the transaction Arbuthnot Latham & Co., Limited provided a £200m loan facility to Asset Alliance Leasing Limited, a subsidiary of Asset Alliance Group Holdings Limited. In light of this, and given the commitment and support from its parent company, the Directors believe that the preparation of the financial statements on a going concern basis is appropriate.

2.4. Consolidation

These financial statements are for the Company. Asset Alliance Group Holdings Limited is a Parent Entity and the exemption from consolidation has been taken as consolidated financial statements are prepared by its ultimate parent, Arbuthnot Banking Group PLC., a company incorporated in the United Kingdom. Copies of the Group financial statements may be obtained from that company's registered address.

Exemption has been taken from preparing a Statement of Cash Flows on the grounds that a consolidated Statement of Cash Flows is prepared within the consolidated financial statements of Arbuthnot Banking Group PLC.

2.5. Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6. Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the UK where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2.6. Taxation (continued)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.7. Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10. Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets are impaired and impairment losses are incurred if, and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

As an initial step the Company assesses whether objective evidence of impairment exists.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2.10. Impairment of financial assets (continued)

The amount of the loss is measured, in the case of assets measured at amortised cost, as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced to the present value of estimated future cash flows and the amount of the loss is recognised in the Statement of Comprehensive Income. Where the investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

2.11. Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties; loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2.12. Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

Financial assets are derecognised when contractual rights to the cashflows from the assets expire, or when the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2.13. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14. Share capital

Ordinary shares are classified as equity. Called up share capital represents the nominal value of shares that have been issued.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

At 1 July 2019 Asset Alliance Group Holdings Limited entered into an agreement with the holders of the management loan notes to waive any accrued interest and future interest on the management loan notes held. Under FRS 102, the management loan notes constitute an interest free loan, and therefore, must be recognised as a financing transaction. The principal amount of £4,450,000 has been discounted using a market interest rate of 8% based on the interest rate applied to the management loan notes previously. These management loan notes were settled in the prior year by way of a share issue.

4. Operating loss

The operating loss is stated after charging:

	2021	2020
	£	£
Fee payable to auditor - audit	-	5,000
Fee payable to auditor - non-audit	-	515

The audit fee in respect of the current year was paid by another group company.

ASSET ALLIANCE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. Employees

There were no employees during the year (2020: nil). The Directors did not receive any remuneration during the year (2020: £nil).

6. Interest payable and similar expenses

	2021	2020
	£	£
Interest charge on finance transactions under FRS 102	-	272,939

At 1 July 2019 all cumulative interest on the management loan notes was waived along with the right to future interest, as such under FRS 102 this requires to be treated as a financing transaction with the principal amount being discounted using a market interest rate of 8% based on the interest rate applied to the management loan notes previously. This discount has been recognised as a capital contribution within other reserves. This discount was unwound until 9 December 2020 when the management loan notes were converted to equity.

7. Taxation

The company did not trade in the year, hence there is no tax charge (2020: £nil).

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

8. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2021	25,404,331
At 31 December 2021	25,404,331

ASSET ALLIANCE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Fixed asset investments (continued)

The following were subsidiary undertakings of the Company:

	Activity	Class of shares	Holding
Direct shareholding:			
Asset Alliance Finance Limited	Holding company	Ordinary	100%
Indirect shareholding:			
Asset Alliance Group Finance No.2 Limited	Intermediate holding company	Ordinary	100%
Asset Alliance Leasing Limited	Commercial vehicle financing	Ordinary	100%
Asset Alliance Ltd.	Commercial vehicle financing	Ordinary	100%
ATE Truck & Trailer Sales Limited	Dormant	Ordinary	100%
Forest Asset Finance Limited	Finance brokers	Ordinary	100%
Hanbury Riverside Limited	Dormant	Ordinary	100%
Total Reefer Limited	Dormant	Ordinary	100%
Valley Finance Limited	Dormant	Ordinary	100%

The registered office of Asset Alliance Ltd. is 85 Main Street, Newmains, ML2 9BG. The registered office for all other companies is Arbuthnot House, 7 Wilson Street, London, EC2M 2SN.

9. Debtors: amounts falling due within one year

	2021 £	2020 £
Amounts owed by Group undertakings	671	671
	<u>671</u>	<u>671</u>

10. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	-	218
	<u>-</u>	<u>218</u>

ASSET ALLIANCE GROUP HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****11. Creditors: amounts falling due within one year**

	2021 £	2020 £
Amounts owed to Group undertakings	3,136,965	3,132,183
Accruals and deferred income	-	5,000
	<u>3,136,965</u>	<u>3,137,183</u>

12. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
221,889 ordinary shares of £0.01 each	2,218	-
1 Deferred share of £1	-	1
166,986 A shares of £0.01 each	-	1,669
25,000 B shares of £0.01 each	-	250
13,639 C shares of £0.01 each	-	136
16,164 D shares of £0.01 each	-	162
	<u>2,218</u>	<u>2,218</u>

On 10 December 2020, the company entered into an agreement to sell its entire issued share capital to Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC. Following regulatory approval, the transaction completed on 31 March 2021.

On 31 March 2021, 40,077 A shares of £0.01 each were redesignated as 40,077 Worthless Deferred Shares of £0.01 each.

On 1 April 2021, the 1 Deferred Share of £1.00 was sub-divided into 100 Deferred Shares of £0.01 each.

Also on 1 April 2021, 100 Deferred Shares of £0.01 each, 40,077 Worthless Deferred Shares of £0.01 each, 126,909 A Shares of £0.01 each, 25,000 B Shares of £0.01 each, 13,639 C Shares of £0.01 each and 16,164 D Shares of £0.01 each, were re-designated as 221,889 Ordinary Shares of £0.01 each.

The Ordinary Shares have attached to them full voting, dividend and capital distribution rights.

13. Reserves

Share premium

The share premium relates to the share issue in respect of the settlement of the management loan notes and deep discounted bonds.

Other reserves

The other reserve was the financing transaction discount on the management loans notes which were accounted for prior to their extinguishment as a financing transaction under FRS 102.

Profit and loss account

The profit and loss account includes all current and prior year retained profit or losses.

14. Transactions with Directors

There were no transactions with directors in the current year.

In the prior year management loan notes with a principal value of £2,898,234 were redeemed for £1,100,000. The remaining loan notes, with a principal value of £1,551,766, were redeemed via the issuance of 2,316 "C" shares of £0.01 each.

15. Related party transactions

As permitted under FRS 102, transactions with other 100% owned companies in the Group have not been disclosed as related party transactions.

16. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessments.

17. Controlling party

Asset Alliance Group Holdings Limited is a subsidiary of Arbuthnot Latham & Co., Limited (a company registered in England and Wales), which in turn is a subsidiary of Arbuthnot Banking Group PLC (also a company registered in England and Wales), which is the ultimate parent company. Sir Henry Angest, the Group Chairman and CEO, has a beneficial interest in 56.1% of the issued ordinary share capital of Arbuthnot Banking Group PLC and is regarded by the Directors as the ultimate controlling party. A copy of the consolidated financial statements of Arbuthnot Banking Group PLC may be obtained from 7 Wilson Street, London, EC2M 2SN.