

EUROPA CAPITAL DEBT INVESTMENT LIMITED

Directors' Report and Financial Statements for the period ended 31 December 2019



Company Registration Number: 8316370

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Europa Capital Debt Investment Limited

Directors' Report

The directors have pleasure in submitting their report and the audited financial statements for the period ended 31 December 2019.

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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 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 the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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, to 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.

The current worldwide Coronavirus ("COVID-19") outbreak continues to evolve, being declared by the World Health Organisation ("WHO") as a Public Health Emergency of International Concern on 30 January 2020 and as a worldwide pandemic on 11 March 2020. The Directors have assessed the impact on the Company and in particular the expected fee income over the coming months. Whilst a fall in transactional and performance based revenues is expected, the core contracted management fee income is expected to continue to be received during these difficult times. The Directors have prepared detailed budgets and cash forecasts covering the next twelve months and with careful management and reductions to non-essential expenditure, the Directors are satisfied that the Company has sufficient cash and is in a position to continue for at least the next twelve months. On this basis the Directors believe that it is appropriate to continue to prepare these financial statements on a going concern basis.

Provision of information to the auditor

As far as each of the directors is aware, at the time this report was approved:

- there is no relevant audit information of which the auditor is unaware; and
- they have taken all steps that ought to have been taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Review of the business and future developments

The principal activity of the business is to provide advice on origination and management of real estate related debt to funds and segregated mandates.

Results and dividend

The results for the period are detailed on page 6. The Company has made a profit on ordinary activities before taxation of £163,210 (March 2019: loss £180,516). The directors do not recommend the payment of a dividend for the period.

Directors and their interests

The directors who served during the period were:

M Birch
T Turnbull
K D'Arcy

Registered office

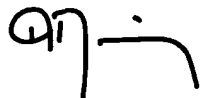
The registered office is 15 Sloane Square, London, SW1W 8ER.

Europa Capital Debt Investment Limited

Directors' Report (continued)

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

On behalf of the Board

A handwritten signature in black ink, appearing to be 'K D'Arcy', written over a horizontal line.

K D'Arcy
Director

22 April 2020

Europa Capital Debt Investment Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPA CAPITAL DEBT INVESTMENT LIMITED

Opinion

We have audited the financial statements of Europa Capital Debt Investment Limited ("the Company") for the period ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 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 December 2019 and of its profit for the period 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

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 included in the Directors' report, other than the financial statements and our auditor's 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.

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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; or

Europa Capital Debt Investment Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPA CAPITAL DEBT INVESTMENT LIMITED (continued)

- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.



Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

22 April 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Europa Capital Debt Investment Limited

Statement of Comprehensive Income for the period ended 31 December 2019

	Note	Period Ended 31 December 2019 £	Year Ended 31 March 2019 £
Turnover: Management fees	3	948,783	951,648
Administrative expenses		(797,763)	(1,167,640)
Other operating income	4	12,175	35,460
Operating profit/(loss)	5	<u>163,195</u>	<u>(180,532)</u>
Interest received		15	16
Profit/(loss) on ordinary activities before taxation		<u>163,210</u>	<u>(180,516)</u>
Taxation	8	(34,027)	(120,862)
Profit/(loss) on ordinary activities after taxation		<u>129,183</u>	<u>(301,378)</u>
Total comprehensive income for the period		<u>129,183</u>	<u>(301,378)</u>

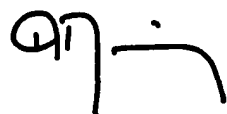
The operating profit is derived wholly from continuing operations. There are no recognised gains or losses other than those included in the statement of comprehensive income.

Europa Capital Debt Investment Limited
(Company Number 8316370)

Statement of Financial Position
as at 31 December 2019

	Note	31 December 2019 £	31 March 2019 £
CURRENT ASSETS			
Debtors	9	666,582	578,698
Cash at bank		292,336	124,888
		<u>958,918</u>	<u>703,586</u>
CREDITORS (Amounts falling due within one year)	10	(3,044,963)	(2,918,814)
NET CURRENT LIABILITIES		<u>(2,086,045)</u>	<u>(2,215,228)</u>
NET LIABILITIES		<u>(2,086,045)</u>	<u>(2,215,228)</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account	14	(2,086,145)	(2,215,328)
SHAREHOLDERS' FUNDS		<u>(2,086,045)</u>	<u>(2,215,228)</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 22 April 2020 by



K D'Arcy
Director

The notes on pages 11 to 15 form an integral part of these financial statements

Europa Capital Debt Investment Limited

Statement of Changes in Equity for the period ended 31 December 2019

	Period Ended 31 December 2019	Year Ended 31 March 2019
	£	£
Total Comprehensive Income for the period	129,183	(301,378)
Shareholders' funds at the beginning of the period	(2,215,228)	(1,913,850)
Shareholders' funds at the end of the period	(2,086,045)	(2,215,228)

The notes on pages 11 to 15 form an integral part of these financial statements

Europa Capital Debt Investment Limited

**Statement of Cash Flows
for the period ended 31 December 2019**

	Period Ended 31 December 2019	Year Ended 31 March 2019
	£	£
Cash flows from operating activities		
Profit/(loss) before tax	163,210	(180,516)
Financial income	(15)	(16)
	<u>163,195</u>	<u>(180,532)</u>
Increase in debtors	(121,911)	(31,804)
Increase in creditors/provisions	<u>126,149</u>	<u>86,049</u>
Cash generated from operations	167,433	(126,287)
Interest received	<u>15</u>	<u>16</u>
Net cash inflow/(outflow) from operating activities	<u>167,448</u>	<u>(126,271)</u>
Net cash flow from investing activities	0	0
Net cash flow from financing activities	<u>0</u>	<u>0</u>
Increase/(decrease) in cash and cash equivalents	<u>167,448</u>	<u>(126,271)</u>
Cash and cash equivalents at the beginning of the period	124,888	251,159
Cash and cash equivalents at the end of the period	<u><u>292,336</u></u>	<u><u>124,888</u></u>

The notes on pages 11 to 15 form an integral part of these financial statements

**Notes to the Financial Statements
for the period ended 31 December 2019**

1. Accounting Policies

General information

Europa Capital Debt Investment Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office and the nature of the Company's operations are set out in the Directors' report.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

Change of accounting period

The year end was changed from 31 March to 31 December. The current period covers nine months (Apr 19 to Dec 19) and the comparative period covers twelve months (Apr 18 to Mar 19).

Going concern

The directors have prepared the financial statements on the going concern basis notwithstanding the fact that the Company has net current liabilities. The Company has received a letter of support from its parent entity confirming it will provide financial support to the Company for the foreseeable future to enable it to meet its obligations and liabilities as they fall due.

The current worldwide Coronavirus ("COVID-19") outbreak continues to evolve, being declared by the World Health Organisation ("WHO") as a Public Health Emergency of International Concern on 30 January 2020 and as a worldwide pandemic on 11 March 2020. The Directors have assessed the impact on the Company and in particular the expected fee income over the coming months. Whilst a fall in transactional and performance based revenues is expected, the core contracted management fee income is expected to continue to be received during these difficult times. The Directors have prepared detailed budgets and cash forecasts covering the next twelve months and with careful management and reductions to non-essential expenditure, the Directors are satisfied that the Company has sufficient cash and is in a position to continue for at least the next twelve months. On this basis the Directors believe that it is appropriate to continue to prepare these financial statements on a going concern basis.

Investments

Investments are carried at cost less any provision for permanent diminution in value.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the period end date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the period end date.

Current and deferred taxation

The tax expense or credit for the period comprises of current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or 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 reporting date in the countries where the company operates and generates taxable income.

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

- 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.

Deferred tax balances are not recognised in respect of permanent differences.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Europa Capital Debt Investment Limited

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

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

In preparing these financial statements, the directors have not made any significant judgements in applying accounting policies.

3. Turnover

Turnover represents fees payable to the Company from various Europa sponsored funds.

4. Other operating income

This relates to costs rechargeable to various Europa sponsored funds.

5. Operating profit

The operating profit is stated after charging:

	Period Ended 31 December 2019 £	Year Ended 31 March 2019 £
Auditor's remuneration	7,200	7,000
Operating lease rentals		
Plant and machinery	1,575	2,100
	<u>8,775</u>	<u>9,100</u>

6. Employee information

The average number of persons employed during the period including executive directors was four (March 2019: six), all employed in an administrative capacity.

Employee costs are analysed as follows:

	Period Ended 31 December 2019 £	Year Ended 31 March 2019 £
Wages and salaries	528,240	924,816
Social security costs	71,528	118,289
Cost of defined contribution scheme (see note 7)	16,187	18,075
	<u>615,955</u>	<u>1,061,180</u>

The total directors' emoluments for the period to 31 December 2019 were £190,000 (March 2019: £245,000). The highest paid director received emoluments of £190,000 (March 2019: £245,000).

7. Pensions

The Company operates one pension scheme.

Defined Contribution Scheme

The amount recognised in the statement of comprehensive income as an expense in relation to the Company's defined contribution scheme is £16,187 (March 2019: £18,075). There was an amount of £3,238 (March 2019: £2,956) owing at the period end.

8. Taxation

8a. Analysis of corporation tax credit for the period

Current Tax

UK Corporation tax

Deferred Tax

Origination and reversal of timing differences

Total tax on profit on ordinary activities

	Period Ended 31 December 2019 £	Year Ended 31 March 2019 £
UK Corporation tax	0	0
Origination and reversal of timing differences	34,027	120,862
Total tax on profit on ordinary activities	<u>34,027</u>	<u>120,862</u>

Europa Capital Debt Investment Limited

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

8. Taxation (continued)	Period Ended	Year Ended
	31 December 2019	31 March 2019
	£	£
8b. Provision for deferred tax		
Short term timing differences	(550)	(503)
Fixed asset timing differences	0	(119)
Tax losses carried forward and other deductions	(202,423)	(236,378)
Total deferred tax asset	<u>(202,973)</u>	<u>(237,000)</u>
<i>Movement in provision:</i>		
Provision at the start of the period	(237,000)	(357,862)
Deferred tax charged in current period	34,027	120,862
Provision at the end of the period	<u>(202,973)</u>	<u>(237,000)</u>
Deferred tax asset not recognised	<u>(34,027)</u>	<u>(120,862)</u>
8c. Factors affecting current tax credit for the period		
Profit/(loss) on ordinary activities before taxation	<u>163,210</u>	<u>(180,516)</u>
Profit/(loss) on ordinary activities multiplied by average standard rate of corporation tax @ 19% (March 2019: 19%)	31,010	(34,298)
<i>Effects of:</i>		
Expenses not deductible for tax	1,322	1,764
Adjustment to brought forward values	0	(72)
Adjustments to deferred tax balances	(3,404)	3,424
Deferred tax not recognised	5,099	150,044
Total current tax charge	<u>34,027</u>	<u>120,862</u>
8d. Factors affecting future tax charges		
The Company has tax losses of approximately £2,103,000 (March 2019: £2,273,000) available to carry forward against future profits. The tax losses, as at 31 December 2019, created a potential deferred tax asset of approximately £358,000 (March 2019: £386,000). As future profits are expected to utilise some of the tax losses, a provision for the deferred tax asset of £203,000 (March 2019: £237,000) has been recognised.		
9. Debtors	31 December 2019	31 March 2019
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	337,011	325,879
Trade debtors	123,606	8,006
Other debtors	2,992	7,813
Deferred tax asset (see note 14)	202,973	237,000
	<u>666,582</u>	<u>578,698</u>
10. Creditors	31 December 2019	31 March 2019
	£	£
Amounts falling due within one year:		
Trade creditors	0	2,597
Other tax and social security	29,337	37,024
Accruals and deferred income	100,165	35,147
Amounts due to parent	2,915,461	2,844,046
	<u>3,044,963</u>	<u>2,918,814</u>

Europa Capital Debt Investment Limited

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

11. Operating lease commitments

At 31 December 2019 the Company had no annual commitments under non-cancellable operating leases.

12. Financial instruments

The financial instruments may be analysed as follows:

	31 December 2019 £	31 March 2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	418,934	140,707
Financial liabilities		
Financial liabilities measured at amortised cost	3,015,625	2,881,791

Financial assets measured at amortised cost comprise cash at bank, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and amounts due to parent.

13. Called up share capital

	31 December 2019 £	31 March 2019 £
100 Ordinary £1 shares	100	100
	100	100

14. Profit and loss account

	31 December 2019 £	31 March 2019 £
Balance at the beginning of the period	(2,215,328)	(1,913,950)
Retained profit/(loss) for the period	129,183	(301,378)
Balance at the end of the period	(2,086,145)	(2,215,328)

15. Parent undertakings and controlling parties

The immediate parent undertaking is Europa Capital Partners LLP, whose parent undertaking is MEC Global Partners Europe Inc., which is ultimately owned by Mitsubishi Estate Co. Ltd.. Europa Capital Partners LLP is incorporated in Great Britain and registered in England and Wales, MEC Global Partners Europe Inc. is incorporated in the United States of America and Mitsubishi Estate Co. Ltd. is incorporated in Japan.

16. Deferred tax asset

	31 December 2019 £	31 March 2019 £
Unused tax losses (see note 8)	202,973	237,000

The Company has unused tax losses of £2,103,000 which have been recognised as a deferred tax asset (March 2019: £2,273,000).

Europa Capital Debt Investment Limited

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

17. Related party transactions

During the period the Company carried out the following transactions with related parties:

Entity	Amounts receivable by the Company in the period ended 31 December 2019	Amounts payable by the Company in the period ended 31 December 2019	Amounts receivable by the Company in the year ended 31 March 2019	Amounts payable by the Company in the year ended 31 March 2019
	£	£	£	£
Europa Capital Partners LLP	0	71,415	0	221,373
	0	71,415	0	221,373

The Company is a 100% subsidiary of Europa Capital Partners LLP.

Europa Capital Partners LLP owns 100 Ordinary £1 shares in the Company.

At the period end there were amounts due to Europa Capital Partners LLP of £2,915,461 (March 2019: £2,844,046). During the period Europa Capital Partners LLP advanced no funds (March 2019: £20,000) to the Company to fund working capital requirements.