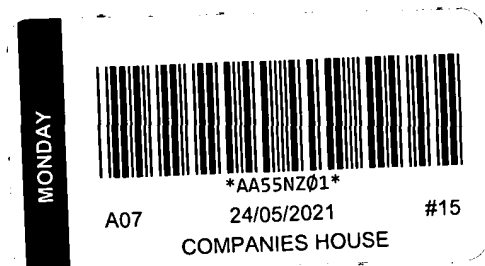


**EUROPA CAPITAL DEBT INVESTMENT LIMITED**

**Directors' Report and Financial Statements  
for the year ended  
31 December 2020**



**Company Registration Number: 8316370**

## **Europa Capital Debt Investment Limited**

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## **Europa Capital Debt Investment Limited**

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### **Directors' Report**

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2020.

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

During the year ended 31 December 2020 and up to the date of approval of these financial statements, the Coronavirus ("COVID-19") outbreak has caused extensive disruptions to businesses and economic activities globally. The emergence and spread of COVID-19 have caused market volatility on a global scale. The directors have assessed the impact on the company and in particular the expected fee income over the coming months. Transactional and performance based revenues have increased in the year under review and the core contracted management fee income is expected to continue to be received at similar levels during these difficult times. The directors have prepared detailed budgets and cash forecasts covering the next twelve months and with careful management the directors are of the belief that the company is expected to continue to generate positive cash flows from their operating activities for at least the next twelve months from the approval of these financial statements. 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 year are detailed on page 6. The Company has made a profit on ordinary activities before taxation of £203,937 (2019: £163,210). The directors do not recommend the payment of a dividend for the year.

## **Europa Capital Debt Investment Limited**

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### **Directors' Report (continued)**

#### **Directors and their interests**

The directors who served during the year were:

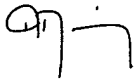
M Birch  
T Turnbull  
K D'Arcy

#### **Registered office**

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

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



K D'Arcy  
Director  
15 April 2021

## **Europa Capital Debt Investment Limited**

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

#### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit 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.

We have audited the financial statements of Europa Capital Debt Investment Limited ("the Company") for the year ended 31 December 2020 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).

#### **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 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 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. 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.

#### **Other Companies Act 2006 reporting**

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

- the information given in the Directors' report for the financial year 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.

## **Europa Capital Debt Investment Limited**

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

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.

#### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' Responsibilities, 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.

#### **Extent to which the audit was capable of detecting irregularities, including fraud**

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the industry in which it operates and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.
- We considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board meeting minutes, enquiries with management as to the risks of non-compliance and any instances thereof. Challenging assumptions and judgements made by management in their significant accounting estimates, in particular the estimated useful life of tangible assets as well as indicators of any impairment of tangible assets. Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Europa Capital Debt Investment Limited**

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

**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

15 April 2021

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 year ended 31 December 2020**

	Note	Year Ended 31 Dec 2020 £	Period Ended 31 Dec 2019 £
Turnover	3	1,109,864	948,783
Administrative expenses		(907,426)	(797,763)
Other operating income	4	1,499	12,175
Operating profit	5	203,937	163,195
Interest received		-	15
Profit on ordinary activities before taxation		203,937	163,210
Taxation	8	(40,880)	(34,027)
Profit on ordinary activities after taxation		163,057	129,183
Total comprehensive income for the year		163,057	129,183

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.

*The notes on pages 10 to 14 form an integral part of these financial statements*



**Europa Capital Debt Investment Limited (Company Number 8316370)**

**Statement of Financial Position  
as at 31 December 2020**

	Note	31 Dec 2020 £	31 Dec 2019 £
<b>CURRENT ASSETS</b>			
Debtors	9	544,802	666,582
Cash at bank		157,850	292,336
		<u>702,652</u>	<u>958,918</u>
<b>CREDITORS</b> (Amounts falling due within one year)	10	(2,625,640)	(3,044,963)
<b>NET CURRENT LIABILITIES</b>		<u>(1,922,988)</u>	<u>(2,086,045)</u>
<b>NET LIABILITIES</b>		<u>(1,922,988)</u>	<u>(2,086,045)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Profit and loss account	14	(1,923,088)	(2,086,145)
<b>SHAREHOLDERS' FUNDS</b>		<u>(1,922,988)</u>	<u>(2,086,045)</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 15 April 2021 by:

  
K. D'Arcy  
Director

*The notes on pages 10 to 14 form an integral part of these financial statements*

**Europa Capital Debt Investment Limited**

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**Statement of Changes in Equity  
for the year ended 31 December 2020**

	<b>Year Ended 31 Dec 2020 £</b>	<b>Period Ended 31 Dec 2019 £</b>
<b>Total Comprehensive Income for the year</b>	163,057	129,183
<b>Shareholders' funds at the beginning of the year</b>	(2,086,045)	(2,215,228)
<b>Shareholders' funds at the end of the year</b>	<u>(1,922,988)</u>	<u>(2,086,045)</u>

*The notes on pages 10 to 14 form an integral part of these financial statements*

**Europa Capital Debt Investment Limited****Statement of Cash Flows  
for the year ended 31 December 2020**

	<b>Year Ended 31 Dec 2020 £</b>	<b>Period Ended 31 Dec 2019 £</b>
<b>Cash flows from operating activities</b>		
Profit before tax	203,937	163,210
Financial income	-	(15)
	<u>203,937</u>	<u>163,195</u>
Decrease/(increase) in debtors	80,900	(121,911)
(Decrease)/increase in creditors/provisions	<u>(419,323)</u>	<u>126,149</u>
Cash generated from operations	(134,486)	167,433
Interest received	-	15
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(134,486)</u>	<u>167,448</u>
<b>Net cash flow from investing activities</b>	-	-
<b>Net cash flow from financing activities</b>	-	-
<b>(Decrease)/increase in cash and cash equivalents</b>	<u>(134,486)</u>	<u>167,448</u>
<b>Cash and cash equivalents at the beginning of the year</b>	292,336	124,888
<b>Cash and cash equivalents at the end of the year</b>	<u><u>157,850</u></u>	<u><u>292,336</u></u>

*The notes on pages 10 to 14 form an integral part of these financial statements*

## **Europa Capital Debt Investment Limited**

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### **Notes to the Financial Statements for the year ended 31 December 2020**

#### **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' (FRS 102) 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).

##### **Comparative period**

The current period covers twelve months (1 January 2020 to 31 December 2020) and the comparative period covers nine months (1 April 2019 to 31 December 2019).

##### **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.

During the year ended 31 December 2020 and up to the date of approval of these financial statements, the Coronavirus ("COVID-19") outbreak has caused extensive disruptions to businesses and economic activities globally. The emergence and spread of COVID-19 have caused market volatility on a global scale. The directors have assessed the impact on the Company and in particular the expected fee income over the coming months. Transactional and performance based revenues have increased in the year under review and the core contracted management fee income is expected to continue to be received at similar levels during these difficult times. The directors have prepared detailed budgets and cash forecasts covering the next twelve months and with careful management the directors are of the belief that the Company is expected to continue to generate positive cash flows from their operating activities for at least the next twelve months from the approval of these financial statements. 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 year end date.

##### **Current and deferred taxation**

The tax expense or credit for the year 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.

## Europa Capital Debt Investment Limited

### Notes to the Financial Statements (continued) for the year ended 31 December 2020

#### Current and deferred taxation (continued)

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.

#### 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

	Year Ended 31 Dec 2020 £	Period Ended 31 Dec 2019 £
The operating profit is stated after charging:		
Auditor's remuneration	7,200	7,200
Operating lease rentals		
Plant and machinery	1,417	1,575
	<u>8,617</u>	<u>8,775</u>

#### 6. Employee information

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

Employee costs are analysed as follows:

	Year Ended 31 Dec 2020 £	Period Ended 31 Dec 2019 £
Wages and salaries	640,902	528,240
Social security costs	78,972	71,528
Cost of defined contribution scheme (see note 7)	18,900	16,187
	<u>738,774</u>	<u>615,955</u>

The total directors' emoluments for the year to 31 December 2020 were £250,000 (December 2019: £190,000). The highest paid director received emoluments of £250,000 (December 2020: £190,000).

## Europa Capital Debt Investment Limited

### Notes to the Financial Statements (continued) for the year ended 31 December 2020

#### 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 £18,900 (December 2019: £16,187). There was an amount of £0 (December 2019: £3,238) owing at the year end.

8. Taxation	Year Ended 31 Dec 2020 £	Period Ended 31 Dec 2019 £
8a. Analysis of corporation tax credit for the year		
Current Tax		
UK Corporation tax	-	-
Deferred Tax		
Origination and reversal of timing differences	40,880	34,027
Total tax on profit on ordinary activities	40,880	34,027
8. Taxation (continued)	Year Ended 31 Dec 2020 £	Period Ended 31 Dec 2019 £
8b. Provision for deferred tax		
Short term timing differences	-	(550)
Tax losses carried forward and other deductions	(162,093)	(202,423)
Total deferred tax asset	(162,093)	(202,973)
Movement in provision:		
Provision at the start of the year	(202,973)	(237,000)
Deferred tax charged in current year	40,880	34,027
Provision at the end of the year	(162,093)	(202,973)
Deferred tax asset not recognised	(40,880)	202,973
8c. Factors affecting current tax credit for the year		
Profit on ordinary activities before taxation	203,937	163,210
Profit on ordinary activities multiplied by average standard rate of corporation tax @ 19% (December 2019: 19%)	38,748	31,010
Effects of:		
Expenses not deductible for tax	92	1,322
Adjustments to deferred tax balances	-	(3,404)
Deferred tax not recognised	2,040	5,099
Total current tax charge	40,880	34,027

## Europa Capital Debt Investment Limited

### Notes to the Financial Statements (continued) for the year ended 31 December 2020

#### 8d. Factors affecting future tax charges

The Company has tax losses of approximately £1,902,000 (December 2019: £2,103,000) available to carry forward against future profits. The tax losses, as at 31 December 2020, created a potential deferred tax asset of approximately £361,000 (December 2019: £358,000). As future profits are expected to utilise some of the tax losses, a provision for the deferred tax asset of £162,000 (December 2019: £203,000) has been recognised.

9. Debtors	31 Dec 2020 £	31 Dec 2019 £
Amounts falling due within one year:		
Prepayments and accrued income	382,288	337,011
Trade debtors	421	123,606
Other debtors	-	2,992
Deferred tax asset (see note 16)	162,093	202,973
	<u>544,802</u>	<u>666,582</u>

10. Creditors	31 Dec 2020 £	31 Dec 2019 £
Amounts falling due within one year:		
Trade creditors	2,399	-
Other tax and social security	22,811	29,337
Accruals and deferred income	33,471	100,165
Amounts due to parent	2,566,959	2,915,461
	<u>2,625,640</u>	<u>3,044,963</u>

#### 11. Operating lease commitments

At 31 December 2020 the Company had no annual commitments under non-cancellable operating leases.

#### 12. Financial instruments

The financial instruments may be analysed as follows:

	31 Dec 2020 £	31 Dec 2019 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>158,271</u>	<u>418,933</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>2,602,829</u>	<u>3,015,625</u>

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 Dec 2020 £	31 Dec 2019 £
100 Ordinary £1 shares	100	100
	<u>100</u>	<u>100</u>

## Europa Capital Debt Investment Limited

### Notes to the Financial Statements (continued) for the year ended 31 December 2020

#### 14. Profit and loss account

	31 Dec 2020	31 Dec 2019
	£	£
Balance at the beginning of the year		
Retained profit for the year	(2,086,145)	(2,215,328)
	163,057	129,183
Balance at the end of the year	<u>(1,923,088)</u>	<u>(2,086,145)</u>

#### 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 the United Kingdom 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 Dec 2020	31 Dec 2019
	£	£
Unused tax losses (see note 8)	<u>162,093</u>	<u>202,973</u>

The Company has unused tax losses of £1,902,000 which have been recognised as a deferred tax asset (December 2019: £2,103,000).

#### 17. Related party transactions

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

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

At the year end there were amounts due to Europa Capital Partners LLP of £2,566,959 (December 2019: £2,915,461). During the year Europa Capital Partners LLP received repayments of £700,000 (December 2019: £0) from the Company.