

## **Alcentra Flandre Limited**

Strategic report, Director's report and financial statements

Registered number 09241646

31 December 2016

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# **Alcentra Flandre Limited**

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# **Alcentra Flandre Limited**

## **Board of Directors and other information**

### **Directors**

K R Lennon

### **Secretary**

BNY Mellon Secretaries (UK) Limited

### **Auditor**

KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

### **Registered Office**

160 Queen Victoria Street

London

EC4V 4LA

### **Registered Number**

09241646

# Alcentra Flandre Limited

## Strategic report

In accordance with Section 414A(1) of the Companies Act 2006, we have prepared the Strategic report which includes a review of Alcentra Flandre Limited (the "Company") business and future developments, a description of the principal risks and uncertainties facing the Company and key performance indicators.

### Business review

The Company has continued to operate profitably and there have been no significant changes in the Company's core operations during the year.

### Financial key performance indicators

The Company's key financial and other performance indicators during the year were as follows. The comparative numbers relate to the period from incorporation 30 September 2014 to 31 December 2015:

	2016 €000	2015 €000	Change €000	Change %
Turnover	524	583	(59)	(10)%
Administrative expenses	126	116	10	9%
Net assets	787	380	407	107%

Turnover decreased by €59,000 (10%) during the year.

Administrative expenses increased by €10,000 (9%) during the year.

Net assets increased by €407,000 (107%) during the year.

### Principal risks and uncertainties

The principal risks and uncertainties affecting the business have been considered and addressed in the Directors' report on pages 4 to 5.

### Strategy

The primary purpose of the Company is to act as a director of investments in which funds within the Alcentra Group have material equity holdings. The Company currently sits on two separate boards; Novartex (the ultimate parent of the Vivarte Group) and GGP Greenfield SA (the ultimate parent of the Global garden Products Group).

The Vivarte Group comprises companies primarily trading with retail chains and brands recognised in both the French apparel and footwear markets, with stores located in city centres and in suburban areas alongside a growing on-line presence. The Company also utilises the services of an experienced retail practitioner to help fulfil this role, which demands considerable time commitment outside of regular board meetings. The Vivarte Group is in the middle of a further financial restructuring, which is not expected to complete until mid 2017 although the Company fully expects to maintain a board seat for the foreseeable future.

The Global Garden Products Group is the European leader in the production and distribution of lawn mowers and powered garden equipment selling in over 70 countries around the world and headquartered out of Italy. The Company was appointed to the Board on 8 July 2016. Funds within the Alcentra Group represent the largest shareholder in the Global Garden Products Group.

# **Alcentra Flandre Limited**

## **Strategic report**

### **Approval**

By order of the Board



K R Lennon  
Director

Alcentra Flandre Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

11 April 2017

Registered number: 09241646

# **Alcentra Flandre Limited**

## **Directors' report**

The director presents the report and financial statements for the year ended 31 December 2016.

### **Principal activities**

The principal activities of Alcentra Flandre Limited is to act as a directors of:

1. Novartex: with a permanent representative sitting on the board of Novartex which is the ultimate parent company of the Vivarte Group; and
2. GGP Greenfield SA: with a permanent representative sitting on the board of GGP Greenfield SA which is the ultimate parent of the Global Garden Products Group.

### **Results and dividends**

The profit for the year after taxation amounted to €407,000 (2015: €373,000). The comparative numbers relate to the period from incorporation 30 September 2014 to 31 December 2015.

The director does not recommend a dividend for the year ended 31 December 2016 (2015: €nil).

### **Risk management**

#### ***Governance and policies***

Policies and procedures are in place to govern and manage the business. Suitable policies and procedures have been adopted by the Company in order to ensure an appropriate level of risk management is directed at the relevant element of the business.

Governance of the Company is the ultimate responsibility of the Board. The Board is responsible for the ongoing success and development of the Company's business as well as setting the risk appetite for the firm as part of the risk framework.

#### **Risk management process**

##### ***Credit risk***

Credit risk covers default risk from counterparties or clients for loans, commitments, securities, and other assets where realisation of the value of the asset is dependent on counterparties' ability to perform.

##### ***Market risk***

Market risk is the risk of loss due to adverse changes in the financial markets. Market risk arises from foreign exchange exposure in respect of revenue, expenses, deposits and borrowings, and interest rate exposure on cash balances, deposits and borrowings.

##### ***Operational risk***

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events: including the potential for loss that arises from problems with operational processing, human error or omission, breaches in internal controls, fraud, and unforeseen catastrophes.

# **Alcentra Flandre Limited**

## **Directors' report**

### **Directors**

The director who served during the year and up to the date of the report was as follows:

K R Lennon

### **Directors' indemnity provision**

The articles of association of the Company provide that in certain circumstances the director is entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the year but have not been utilised by the director (2015: £nil).

### **Disclosure of information to auditor**

The director who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Post balance sheet events**

There are no material post balance sheet events.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



K R Lennon  
Director

Alcentra Flandre Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

11 April 2017

Registered number: 09241646

## **Alcentra Flandre Limited**

### **Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The director is responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101: *Reduced Disclosure Framework*.

Under company law the director 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 director are required to:

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

The director are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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



## **Independent auditor's report to the members of Alcentra Flandre Limited**

We have audited the financial statements of Alcentra Flandre Limited for the year ended 31 December 2016 set out on pages 9 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101: *Reduced Disclosure Framework*.

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.

### **Respective responsibilities of director and auditor**

As explained more fully in the Statement of Director's Responsibilities set out on page 6, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial year financial is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:


- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Alcentra Flandre Limited**

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

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

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



**Neil Palmer (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

11 April 2017

# Alcentra Flandre Limited

## Statement of profit and loss for the year ended 31 December 2016

			For the period from incorporation 30 September 2014 to 31 December 2015
	Note	2016 €000	€000
Turnover	2	524	583
Administrative expenses		(126)	(116)
<b>Operating profit</b>		<b>398</b>	<b>467</b>
Interest receivable and similar income		1	1
<b>Profit on ordinary activities before tax</b>		<b>399</b>	<b>468</b>
Taxation on profit on ordinary activities	4	8	(95)
<b>Profit for the financial year</b>		<b>407</b>	<b>373</b>

Notes 1 to 8 are integral to these financial statements.

All items dealt with in arriving at the Company's results for the financial year and prior period relate to continuing operations.

The Company has not prepared a separate statement of other comprehensive income as all the income and losses are reflected in the statement of profit and loss above.

# Alcentra Flandre Limited

## Balance sheet at 31 December 2016

	Note	2016 €000	2015 €000
<b>Current assets</b>			
Debtors	5	116	559
Cash at bank and in hand		841	-
		<u>957</u>	<u>559</u>
Creditors: amounts falling due within one year	6	(170)	(179)
Net current assets		<u>787</u>	<u>380</u>
 Total assets less current liabilities		<u>787</u>	<u>380</u>
<b>Net assets</b>		<u>787</u>	<u>380</u>
 <b>Capital and reserves</b>			
Called up share capital	7	-	-
Share premium	7	7	7
Profit and loss account		<u>780</u>	<u>373</u>
<b>Shareholders' equity</b>		<u>787</u>	<u>380</u>

Notes 1 to 8 are integral to these financial statements.

These financial statements were approved by the Board of Directors and were signed on its behalf by:



K R Lennon  
Director

11 April 2017

Company registered number: 09241646

## Alcentra Flandre Limited

### Statement of changes in equity

31 December 2016

	Called up share capital €000	Share premium account €000	Profit and loss account €000	Total equity €000
Profit for the year	-	-	373	373
Issue of shares	-	7	-	7
<b>Balance at 31 December 2015</b>	<b>-</b>	<b>7</b>	<b>373</b>	<b>380</b>

	Called up share capital €000	Share premium account €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2016	-	7	373	380
Profit for the year	-	-	407	407
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>7</b>	<b>780</b>	<b>787</b>

Notes 1 to 8 are integral to these financial statements.

# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2016

### 1 Accounting policies

#### 1.1 Basis of preparation and statement of compliance with FRS 101

The Company is incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

The Company's ultimate parent undertaking, The Bank of New York Mellon Corporation includes the Company in its consolidated financial statements. The consolidated financial statements of The Bank of New York Mellon Corporation are prepared in accordance with U.S. Generally Accepted Accounting Principles, which are *equivalent* to Adopted IFRS. The Bank of New York Mellon Corporation's consolidated financial statements are available at [www.bnymellon.com/investorrelations/annualreport/index.html](http://www.bnymellon.com/investorrelations/annualreport/index.html). Accordingly the Company is a *qualifying entity* for the purpose of FRS 101 disclosure exemptions.

Accordingly, in preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosure in respect of capital management; and
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The accounting policies set out below have, unless otherwise stated, been applied consistently to the period presented in these financial statements.

#### 1.2 Measurement convention

These financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale and liabilities for cash-settled share-based payments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

#### 1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2 - 3. In addition, the Directors' report on pages 4 to 5 includes the Company's objectives, policies and processes for managing its capital; its financial risk management objective and its exposures to credit and liquidity risk.

The Company has adequate liquidity and capital. The director perform an annual going concern review that considers, under a stress test scenario, the Company's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements are signed. As a consequence, the director believe that the

# **Alcentra Flandre Limited**

## **Notes to the financial statements for the year ended 31 December 2016**

### **1 Accounting policies continued**

#### **1.3 Going concern continued**

Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Based on the above assessment of the Company's financial position, liquidity and capital, the director have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed). Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **1.4 Related party transactions**

As the Company is a wholly owned indirect subsidiary of the ultimate parent company, The Bank of New York Mellon Corporation, it has taken advantage of the exemption contained in IAS 24 and has therefore not disclosed transactions or balances with entities which form part of the Group.

#### **1.5 Turnover**

Revenue, which is stated net of value added tax, comprises a set fee for the Company's role as a Corporate Director of both Novartex and GGP Greenfield SA.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

#### **1.6 Segmental reporting**

A segment is a distinguishable component of the Company which is specific to either the type of product or service (business segment), or to products and services provided within a particular economic environment (geographical segment), where the risks and rewards are different from those of other segments.

Currently, the director consider that the Company's services comprise one business segment (being the provision of investment management services) and that it operates in the UK market which is not geographically segmented.

#### **1.7 Interest receivable**

Interest income is recognised in the statement of profit and loss as it accrues, using the effective interest method.

#### **1.8 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will

# **Alcentra Flandre Limited**

## **Notes to the financial statements for the year ended 31 December 2016**

### **1 Accounting policies continued**

#### **1.8 Taxation continued**

probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### **1.9 Foreign currency**

The Company's functional currency is €. The Company's presentational currency is also €. Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are reported net in the statement of profit and loss within , except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Any resulting exchange differences are reported net in the statement of profit and loss within interest receivable or payable as appropriate.

#### **1.10 Offsetting**

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under FRS 101, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

#### **1.11 Accounting estimates and judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions about future conditions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Management believes that the Company's critical accounting policies for which judgement is necessarily applied are those which relate to deferred tax assets and provisions. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the notes to the financial statements.



# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2016

### 2 Turnover

#### By activity

		For the period from incorporation 30 September 2014 to 31 December 2015
	2016	2015
	€000	€000
Director's fee	524	583
	<u>524</u>	<u>583</u>

### 3 Directors' remuneration

The aggregate amount of remuneration paid to or receivable by directors in respect of qualifying services is disclosed below. Qualifying services include services as a director of the company, as a director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the Company or any of its subsidiary undertakings. The amounts are disclosed irrespective of which BNY Mellon group company actually makes the payment to the directors. Previously, only remuneration paid by this Company had been included in the disclosure. The comparatives have therefore been amended.

		For the period from incorporation 30 September 2014 to 31 December 2015
	2016	2015
	€000	€000
Directors' emoluments	109	129
Company contributions to money purchase pension plans	4	3
Benefits in kind	1	1
	<u>114</u>	<u>133</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was €113,613 (2015: €111,131), and Company pension contributions of €3,600 (2015: €3,000) were made to a money purchase scheme on his behalf. During the year, the highest paid director did not exercise share options nor received shares under a long term incentive scheme.

	Number of Directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2016

### 4 Taxation

#### *Recognised in the profit and loss account*

	2016		For the period from incorporation 30 September 2014 to 31 December 2015	
	€000	€000	€000	€000
<i>UK corporation tax</i>				
Current tax on income for the period	82		95	
Adjustments in respect of prior periods	(90)		-	
	<u>(8)</u>		<u>95</u>	
Tax on profit on ordinary activities		<u>(8)</u>		<u>95</u>

#### *Reconciliation of effective tax rate*

	2016	For the period from incorporation 30 September 2014 to 31 December 2015
	€000	€000
Profit for the year	407	373
Total tax (credit)/expense	<u>(8)</u>	<u>95</u>
Profit excluding taxation	399	468
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	82	95
Under/(over) provided in prior years	<u>(90)</u>	<u>-</u>
Total tax expense	<u>(8)</u>	<u>95</u>

#### *Factors that may affect current and total tax charge*

Reductions in the UK corporation tax rate from 23% to 20% (effective from 1 April 2015) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 15 September 2016. This will reduce the Company's future current tax charge accordingly.

# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2016

### 5 Debtors

	2016	2015
	€000	€000
Trade debtors	1	8
Amounts owed by group companies	115	551
	<u>116</u>	<u>559</u>
Due within one year	<u>116</u>	<u>559</u>

### 6 Creditors: amounts falling due within one year

	2016	2015
	€000	€000
Taxation and social security	87	95
Prepaid income	83	84
	<u>170</u>	<u>179</u>

### 7 Capital and reserves

#### Share capital

	2016	2015
	€000	€000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of €1 each	-	-

#### Allotted, called up and partly paid

The sole share in issue has a nominal value €1, with a share premium of €7,000 (2015: €7,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## **Alcentra Flandre Limited**

### **Notes to the financial statements for the year ended 31 December 2016**

#### **8 Ultimate parent company and parent company of larger group**

The immediate parent undertaking of the Company is Alcentra Asset Management Limited, a company registered in England and Wales. Copies of accounts for Alcentra Asset Management Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest and smallest group in which the results of the Company are consolidated is that headed by The Bank of New York Mellon Corporation, incorporated in the United States of America.

The ultimate parent company as at 31 December 2016 was The Bank of New York Mellon Corporation, incorporated in the United States of America. The consolidated accounts of the ultimate parent company may be obtained from:

The Secretary  
The Bank of New York Mellon Corporation  
225 Liberty Street,  
New York, NY  
10286  
USA.