Alcentra Flandre Limited

Strategic report, Director's report and financial statements

Registered number 09241646

31 December 2017

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Alcentra Flandre Limited

Contents

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:

	2017 €000	2016 €000	Change €000	Change %
Turnover	454	524	(70)	(13)%
Administrative expenses	221	126	(95)	75%
Net assets	1,141	787	354	45%

Turnover decreased by €70,000 (13%) during the year due to a reduction in the revenue earned for directorship services at Novartex.

Administrative expenses increased by €95,000 (75%) during the year.

Net assets increased by €354,000 (45%) during the year due to profit..

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 6.

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 Stiga SA (the ultimate parent of the Stiga group of companies, formerly known as Global Garden Products).

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 surburban 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 comittment outside of regular board meetings. The Vivarte Group completed its secondary financial restructuring during June 2017. As part of the restructuring the number of board and shareholder representative seats were reduced from 9 to 7 and 6 to 4 respectively. The Company retained one seat on the board post restructuring which it fully expects to maintain for the foreseeable future.

The Stiga 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 headquarterd out of Italy. It's ultimate parent Stiga SA completed a debt refinance in August 2017, for which Alcentra Limited acted as the lead co-ordinator. The Company has continued to and expects to maintain the position on the board it was appointed to in July 2016. Funds within the Alcentra Group represent the largest shareholder in Stiga SA owning just under 40% of the total voting shares.

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

23 April 2018

Registered number: 09241646

Alcentra Flandre Limited

Directors' report

The director presents the report and financial statements for the year ended 31 December 2017.

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. Stiga SA: with a permenent representative sitting on the board of Stiga SA which is the ultimate parent of the Global Garden Products Group.

Results and dividends

The profit for the year after taxation amounted to €354,000 (2016:€407,000). The comparative numbers relate to the period from incorporation 1 January 2016 to 31 December 2016.

The director does not recommend a dividend for the year ended 31 December 2017 (2016: €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 commitments and other assets where realisation of the value of the asset is dependent on counterparties' ability to perform.

The Company's Risk Appetite limits the holding of cash to investment grade counter-parties only. Therefore cash deposits are held at BNY Mellon London Branch.

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 interest rate exposure on cash balances, deposits and borrowings.

The main source of market risk to the Company is through currency exposure on fees received and expenses paid in non-functional euro currencies. These exposures are actively managed through a monthly spot sell-off process of non-euro currency balances by BNY Mellon Treasury

Risk management process continued

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's risk team oversee the Risk Framework which includes business line RCSA, error reporting and resolution, risk assessments and other risk management activities. Sources of operation risk are monitored, with a number of key operational controls tested through the annual Compliance Monitoring Plan.

Liquidity risk

Liquidity risk is the risk that a Company, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

The Company is subject to the BNY Mellon Group Liquidity Policy. It is the responsibility of all BNY Mellon firms to maintain liquid resources that are adequate in both amounts and quality. The Company has adopted the BNY Mellon Group policy.

Business risk

Business risk includes risk to a Company arising from changes in its business, including the risk that the Company may not be able to carry out its business plan and its desired strategy.

Business risk is managed through both the relevant framework, and key risks are monitored and reported to the Risk Committee and Board.

Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the Company and its executives to fines, payment of damages, the voiding of contracts and damaged reputation.

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 (2016: €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

KRLennon

K R Lennon
Director

Alcentra Flandre Limited
160 Queen Victoria Street
London
EC4V 4LA

Registered number: 09241646

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

The director 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 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 Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 101, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directordirectors 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.

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

Opinion

We have audited the financial statements of Alcentra Flandre Limited for the year ended 31 December 2017 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101: *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the Financial Reporting Council's ("FRC") Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

The purpose of our audit work and to whom we owe our responsibilities

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.

Neil Palmer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London, E14 5GL

23 April 2018

Alcentra Flandre Limited

Statement of profit and loss
for the year ended 31 December 2017

	Note	2017	2016
		€000	**€000**
Turnover	2	454	524
Administrative expenses		(221)	(126)
Operating profit		233	398
Interest receivable and similar income		34	1
Profit on ordinary activities before tax		267	399
Taxation on profit on ordinary activities	4	87	8
Profit for the financial year		354	407

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 2017

	Note	2017 €000	2016 €000
Current assets			
Debtors	5	259	116
Cash at bank and in hand		941	841
		1,200	957
Creditors: amounts falling due within one year	6	(59)	(170)
Net current assets		1,141	787
Total assets less current liabilities		1,141	787
Net assets		1,141	787
Capital and reserves			
Called up share capital	7	-	-
Share premium	7	7	7
Profit and loss account		1,134	780
Shareholders' equity		1,141	787

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:

KRLennon

K R Lennon
Director

23 April 2018

Company registered number: 09241646

Alcentra Flandre Limited

Statement of changes in equity
31 December 2017

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	€000	€000	€000	€000
Balance at 1 January 2017	-	7	780	787
Profit for the year	-	-	354	354
Balance at 31 December 2017	-	7	1,134	1,141

Notes 1 to 8 are integral to these financial statements.

Notes to the financial statements
for the year ended 31 December 2017

1 Accounting policies

1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a private company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with 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 https://www.bnymellon.com/us/en/investor-relations. Accordingly the Company is a *qualifying entity* for the purpose of FRS 101 disclosure exemptions.

Therefore, 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 the 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 Statement of Cash Flows and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosure in respect of capital management;
- Disclosures in respect of compensation of Key Management Personnel.

The following standards are not yet effective, and are not expected to have a material impact on these financial statements:

- **IFRS 9 Financial Instruments**

Introduction

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets and liabilities, and introduces an alternative hedge accounting model to that contained in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and replaces much of IAS 39.

Classification of financial assets

IFRS 9 contains a revised classification and measurement approach that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, measured at fair value through Other Comprehensive Income ("FVOCI") and measured at fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

1 Accounting policies continued

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

For investments in equity instruments that are held for trading, an irrevocable election is available on initial recognition on an instrument-by-instrument basis to recognise all changes in fair value in OCI.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not bifurcated; instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Company believes that the new classification requirements will not affect its accounting for financial assets.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model contained in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. This will require judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to debt instruments and financial guarantee contracts issued that are not measured at FVTPL. ECLs on instruments classified at FVOCI will be recognised in OCI rather than reducing the value of the instrument. No impairment loss will be recognised on equity instruments.

Under IFRS 9, the Company generally will recognise loss allowances at an amount equal to 12-month ECL (the portion of ECL that results from default events that are possible within 12 months after the reporting date) unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime loss basis. The Company expects the impact of the impairment requirements of IFRS 9 to be immaterial.

Transition

Changes in accounting arising from the adoption of IFRS 9 generally will be applied retrospectively; however, the Company plans to take advantage of the exception allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial instruments resulting from the adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018;

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Company has completed its evaluation of the potential impact of this guidance on its accounting policies, and based on that evaluation, the timing of all of its revenue recognition will remain the same and expects no impact from the new standards. The Company plans to adopt the guidance as of 1 January 2018 using the cumulative effect transition method. The Company is currently developing the disclosures required about revenue and contract costs and finalising changes to internal control; and

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

1 Accounting policies continued

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

Judgements made by the director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note .

1.2 Measurement convention

These financial statements are prepared on the historical cost basis.

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 6 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 performs 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 believes that the 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 has 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, the director continues 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 Stiga 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 considers that the Company's services comprise one business segment (being the provision of directorship services) and that it operates in the UK market which is not geographically segmented.

1 Accounting policies continued

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 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 interest receivable and other income, 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.

Notes to the financial statements
for the year ended 31 December 2017

1 Accounting policies continued

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.

The director believes that the Company's critical accounting policies for which judgement is necessarily applied are those which relate to bad debts. 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.

2 Turnover

By activity

	2017	2016
	€000	€000
Director's fee	454	524

The director's fees are fixed annual fees payable quarterly for Novartex and monthly for Stiga SA.

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.

	2017	2016
	€000	€000
Directors' emoluments	243	109
Company contributions to money purchase pension plans	8	4
Benefits in kind	1	1
	252	114

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was €252,411 (2016: €113,613), and Company pension contributions of €8,152 (2016: €3,600) 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	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

Notes to the financial statements
for the year ended 31 December 2017

4 Taxation

Recognised in the profit and loss account

	2017		2016	
	€000	€000	€000	€000
UK corporation tax				
Current tax on income for the period	51		82	
Adjustments in respect of prior periods	(138)		(90)	
	(87)		(8)	
Tax on profit on ordinary activities		(87)		(8)

Reconciliation of effective tax rate

	2017	2016
	€000	€000
Profit for the year	354	407
Total tax credit	(87)	(8)
Profit excluding taxation	267	399
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	51	82
Under/(over) provided in prior years	(138)	(90)
Total tax expense	(87)	(8)

Factors that may affect current and total tax charge

Reductions in the UK corporation tax rate from 23% to 20% (effective from 1 April 2016) and 20% (effective from 1 April 2017) 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.

Notes to the financial statements
for the year ended 31 December 2017

5 Debtors

	2017	2016
	€000	€000
Trade debtors	10	1
Amounts owed by group companies	242	115
Tax recoverable	7	-
	259	116

6 Creditors: amounts falling due within one year

	2017	2016
	€000	€000
Amounts owed to group undertakings	19	-
Taxation and social security	-	87
Prepaid income	40	83
	59	170

7 Capital and reserves

Share capital

	2017	2016
	€000	€000
Allotted, called up and fully paid		
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 (2016: €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.

Notes to the financial statements
for the year ended 31 December 2017

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 2017 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.

Alcentra Flandre Limited

Strategic report, Director's report and financial statements

Registered number 09241646

31 December 2017

Alcentra Flandre Limited

Contents

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:

	2017 €000	2016 €000	Change €000	Change %
Turnover	454	524	(70)	(13)%
Administrative expenses	221	126	(95)	75%
Net assets	1,141	787	354	45%

Turnover decreased by €70,000 (13%) during the year due to a reduction in the revenue earned for directorship services at Novartex.

Administrative expenses increased by €95,000 (75%) during the year.

Net assets increased by €354,000 (45%) during the year due to profit..

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 6.

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 Stiga SA (the ultimate parent of the Stiga group of companies, formerly known as Global Garden Products).

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 surburban 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 comittment outside of regular board meetings. The Vivarte Group completed its secondary financial restructuring during June 2017. As part of the restructuring the number of board and shareholder representative seats were reduced from 9 to 7 and 6 to 4 respectively. The Company retained one seat on the board post restructuring which it fully expects to maintain for the foreseeable future.

The Stiga 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 headquarterd out of Italy. It's ultimate parent Stiga SA completed a debt refinance in August 2017, for which Alcentra Limited acted as the lead co-ordinator. The Company has continued to and expects to maintain the position on the board it was appointed to in July 2016. Funds within the Alcentra Group represent the largest shareholder in Stiga SA owning just under 40% of the total voting shares.

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

23 April 2018

Registered number: 09241646

Alcentra Flandre Limited

Directors' report

The director presents the report and financial statements for the year ended 31 December 2017.

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. Stiga SA: with a permenent representative sitting on the board of Stiga SA which is the ultimate parent of the Global Garden Products Group.

Results and dividends

The profit for the year after taxation amounted to €354,000 (2016:€407,000). The comparative numbers relate to the period from incorporation 1 January 2016 to 31 December 2016.

The director does not recommend a dividend for the year ended 31 December 2017 (2016: €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 commitments and other assets where realisation of the value of the asset is dependent on counterparties' ability to perform.

The Company's Risk Appetite limits the holding of cash to investment grade counter-parties only. Therefore cash deposits are held at BNY Mellon London Branch.

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 interest rate exposure on cash balances, deposits and borrowings.

The main source of market risk to the Company is through currency exposure on fees received and expenses paid in non-functional euro currencies. These exposures are actively managed through a monthly spot sell-off process of non-euro currency balances by BNY Mellon Treasury

Risk management process continued

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's risk team oversee the Risk Framework which includes business line RCSA, error reporting and resolution, risk assessments and other risk management activities. Sources of operation risk are monitored, with a number of key operational controls tested through the annual Compliance Monitoring Plan.

Liquidity risk

Liquidity risk is the risk that a Company, although balance sheet solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

The Company is subject to the BNY Mellon Group Liquidity Policy. It is the responsibility of all BNY Mellon firms to maintain liquid resources that are adequate in both amounts and quality. The Company has adopted the BNY Mellon Group policy.

Business risk

Business risk includes risk to a Company arising from changes in its business, including the risk that the Company may not be able to carry out its business plan and its desired strategy.

Business risk is managed through both the relevant framework, and key risks are monitored and reported to the Risk Committee and Board.

Compliance risk

Compliance risk covers the risk relating to earnings or capital from violation, or non-conformance with laws, rules, regulations, prescribed practices or ethical standards which may, in turn, expose the Company and its executives to fines, payment of damages, the voiding of contracts and damaged reputation.

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 (2016: €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

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 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 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 Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, including FRS 101, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directordirectors 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.

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

Opinion

We have audited the financial statements of Alcentra Flandre Limited for the year ended 31 December 2017 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101: *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the Financial Reporting Council's ("FRC") Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

The purpose of our audit work and to whom we owe our responsibilities

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.

N. Palmer

Neil Palmer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London, E14 5GL

23 April 2018

Alcentra Flandre Limited

Statement of profit and loss
for the year ended 31 December 2017

	Note	2017 €000	2016 €000
Turnover	2	454	524
Administrative expenses		(221)	(126)
Operating profit		233	398
Interest receivable and similar income		34	1
Profit on ordinary activities before tax		267	399
Taxation on profit on ordinary activities	4	87	8
Profit for the financial year		354	407

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 2017

	Note	2017 €000	2016 €000
Current assets			
Debtors	5	259	116
Cash at bank and in hand		941	841
		1,200	957
Creditors: amounts falling due within one year	6	(59)	(170)
Net current assets		1,141	787
Total assets less current liabilities		1,141	787
Net assets		1,141	787
Capital and reserves			
Called up share capital	7	-	-
Share premium	7	7	7
Profit and loss account		1,134	780
Shareholders' equity		1,141	787

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:

KRLennon

K R Lennon
Director

23 April 2018

Company registered number: 09241646

Alcentra Flandre Limited

Statement of changes in equity
31 December 2017

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	€000	€000	€000	€000
Balance at 1 January 2017	-	7	780	787
Profit for the year	-	-	354	354
Balance at 31 December 2017	-	7	1,134	1,141

Notes 1 to 8 are integral to these financial statements.

Notes to the financial statements
for the year ended 31 December 2017

1 Accounting policies

1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a private company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with 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 https://www.bnymellon.com/us/en/investor-relations. Accordingly the Company is a *qualifying entity* for the purpose of FRS 101 disclosure exemptions.

Therefore, 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 the 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 Statement of Cash Flows and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosure in respect of capital management;
- Disclosures in respect of compensation of Key Management Personnel.

The following standards are not yet effective, and are not expected to have a material impact on these financial statements:

- **IFRS 9 Financial Instruments**

  Introduction

  IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets and liabilities, and introduces an alternative hedge accounting model to that contained in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and replaces much of IAS 39.

  Classification of financial assets

  IFRS 9 contains a revised classification and measurement approach that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, measured at fair value through Other Comprehensive Income ("FVOCI") and measured at fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

1 Accounting policies continued

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

For investments in equity instruments that are held for trading, an irrevocable election is available on initial recognition on an instrument-by-instrument basis to recognise all changes in fair value in OCI.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not bifurcated; instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Company believes that the new classification requirements will not affect its accounting for financial assets.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model contained in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. This will require judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to debt instruments and financial guarantee contracts issued that are not measured at FVTPL. ECLs on instruments classified at FVOCI will be recognised in OCI rather than reducing the value of the instrument. No impairment loss will be recognised on equity instruments.

Under IFRS 9, the Company generally will recognise loss allowances at an amount equal to 12-month ECL (the portion of ECL that results from default events that are possible within 12 months after the reporting date) unless there has been significant increase in credit risk since origination of the instrument, in which case ECLs are recognised on a lifetime loss basis. The Company expects the impact of the impairment requirements of IFRS 9 to be immaterial.

Transition

Changes in accounting arising from the adoption of IFRS 9 generally will be applied retrospectively; however, the Company plans to take advantage of the exception allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amount of financial instruments resulting from the adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018;

- **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual periods beginning on or after 1 January 2018.

The Company has completed its evaluation of the potential impact of this guidance on its accounting policies, and based on that evaluation, the timing of all of its revenue recognition will remain the same and expects no impact from the new standards. The Company plans to adopt the guidance as of 1 January 2018 using the cumulative effect transition method. The Company is currently developing the disclosures required about revenue and contract costs and finalising changes to internal control; and

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

1 Accounting policies continued

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

Judgements made by the director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note .

1.2 Measurement convention

These financial statements are prepared on the historical cost basis.

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 6 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 performs 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 believes that the 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 has 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, the director continues 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 Stiga 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 considers that the Company's services comprise one business segment (being the provision of directorship services) and that it operates in the UK market which is not geographically segmented.

1 Accounting policies continued

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 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 interest receivable and other income, 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.

Notes to the financial statements
for the year ended 31 December 2017

1 Accounting policies continued

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.

The director believes that the Company's critical accounting policies for which judgement is necessarily applied are those which relate to bad debts. 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.

2 Turnover

By activity

	2017	2016
	€000	€000
Director's fee	454	524

The director's fees are fixed annual fees payable quarterly for Novartex and monthly for Stiga SA.

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.

	2017	2016
	€000	€000
Directors' emoluments	243	109
Company contributions to money purchase pension plans	8	4
Benefits in kind	1	1
	252	114

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was €252,411 (2016: €113,613), and Company pension contributions of €8,152 (2016: €3,600) 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	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

Notes to the financial statements
for the year ended 31 December 2017

4 Taxation

Recognised in the profit and loss account

	2017		2016	
	€000	€000	€000	€000
UK corporation tax				
Current tax on income for the period	51		82	
Adjustments in respect of prior periods	(138)		(90)	
	(87)		(8)	
Tax on profit on ordinary activities		(87)		(8)

Reconciliation of effective tax rate

	2017	2016
	€000	€000
Profit for the year	354	407
Total tax credit	(87)	(8)
Profit excluding taxation	267	399
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	51	82
Under/(over) provided in prior years	(138)	(90)
Total tax expense	(87)	(8)

Factors that may affect current and total tax charge

Reductions in the UK corporation tax rate from 23% to 20% (effective from 1 April 2016) and 20% (effective from 1 April 2017) 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.

Notes to the financial statements
for the year ended 31 December 2017

5 Debtors

	2017	2016
	€000	€000
Trade debtors	10	1
Amounts owed by group companies	242	115
Tax recoverable	7	-
	259	116

6 Creditors: amounts falling due within one year

	2017	2016
	€000	€000
Amounts owed to group undertakings	19	-
Taxation and social security	-	87
Prepaid income	40	83
	59	170

7 Capital and reserves

Share capital

	2017	2016
	€000	€000
Allotted, called up and fully paid		
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 (2016: €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.

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 2017 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.