

Alcentra Flandre Limited

Strategic report, Director's report and financial statements

Registered number 09241646

31 December 2021

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Alcentra Flandre Limited

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Alcentra Flandre Limited

Board of Directors and other information

Director

K R Lennon

L A Raven

Secretary

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

Independent 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.

The ultimate parent company is The Bank of New York Mellon Corporation ("BNY Mellon" or "Group").

Business review

During the year, the Company continued to provide Directorship services to its clients in its capacity as a Corporate Director. There have been no significant changes in the Company's core operations.

Financial key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	2021 €000	2020 €000	Change €000	Change %
Revenue	-	65	(65)	(100)%
Administrative expenses	15	29	(14)	(48)%
Net assets	1,708	1,727	(19)	(1)%

Revenue decreased by €65,000 (100%) during the year due to waiving the directorship fees from the portfolio companies.

Administrative expenses decreased by €14,000 (48%) during the year driven by a reduction in withholding taxes.

Net assets decreased by €19,000 due to a loss 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 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 the boards of two investment companies: Stiga SA and Stiga C Sarl (the ultimate parent companies of the Stiga group of companies, formerly known as Global Garden Products) and Financiere Truck Investissement (the parent of Fraikin Group).

The Stiga Group is a European leader in the production and distribution of lawn mowers and powered garden equipment selling in over 70 countries around the world and headquartered in Italy. Stiga completed a debt refinancing 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 around 60% of the total voting shares.

The Fraikin Group is a leading European commercial vehicle leasing company which operates in France, the UK and other western European countries. Its parent, Financiere Truck Investissement, completed a debt restructuring in April 2018, following which senior lenders took control of the group. Funds within the Alcentra group represented the largest shareholder of the group at closing, and hence is one of the 3 shareholders with representatives on the board of directors.

Alcentra Flandre Limited

Strategic report - continued

Business and future developments

The Strategic focus of the Company and Alcentra Group is to develop the business to maximise shareholders' value.

During 2021, the Company continued with its current directorship mandates. In 2022 and future years, the Company may take on new Board seats if funds managed by the Alcentra Group have defaulted debt investments which are restructured to equity investments and the funds seek to get a seat on the Board of these companies. Where seats on the Board are given to the funds, the Company will take on the Board seat.

Coronavirus ("COVID-19")

Since early 2020, COVID-19 has created significant disruption to global markets and economies. Management recognises that the pandemic presents risks to the Company and has put in place procedures to monitor and mitigate those risks. An assessment of the impact of the uncertainty on the Company's year-end financial position and operational resilience was performed and management concluded that the pandemic did not have a material impact on the Company's ability to continue as a going concern.

Approval

By order of the Board

K R Lennon

K R Lennon (Apr 29, 2022 09:38 GMT+1)

K R Lennon
Director

Alcentra Flandre Limited
160 Queen Victoria Street
London
EC4V 4LA

April 2022

Registered number: 09241646

Alcentra Flandre Limited

Directors' report

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

Principal activities

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

1. Stiga SA and Stiga C Sarl: with a permanent representative sitting on the boards of these companies which serve as the ultimate parent companies of the Stiga Group.
2. Fraikin: with a permanent representative sitting on the board of Financiere Truck Investissement which is the parent of the Fraikin Group.

Results and dividends

The loss for the year after taxation amounted to €19,000 (2020: €1,000).

Interim dividends paid during the year amounted to €nil (2020: €nil). The directors do not recommend a final dividend for the year ended 31 December 2021 (2020: €nil).

Future developments

See 'Business and future developments' section in Strategic report for details.

Political donations

The Company made no political donations or incurred any political expenditure during the year (2020: €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

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.

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

Alcentra Flandre Limited

Directors' report - continued

Risk management process continued

Geopolitical and other macro-environmental risks

The Company is exposed to geopolitical risks associated with political instability, terrorists acts, military conflicts, civil unrests and tensions between countries, which could impact its clients and cause disruption to business operations. In addition, epidemic and pandemic outbreaks are becoming more frequent and severe, and these could cause severe economic impacts on business sectors, economies and societies.

The COVID-19 pandemic continues to remain dynamic and has led to a continued level of uncertainty. To ensure the health and wellbeing of its people and continuing ability to service its clients, the wider BNY Mellon Group moved to a largely working-from-home model during 2020 and 2021, during which period the Company and the Group implemented enhanced monitoring and oversight controls. A conservative and measured approach continues to be adopted whilst the Group's employees return to office as the COVID-19 pandemic subsides. Additionally, the US, the UK and the EU have imposed sanctions and threatened to expand them significantly against Russia in response to an increasing risk with its conflict with Ukraine which, together with any military conflict, could impact global markets as well as the Company and its customers. Management continues to monitor developments and seek to manage the associated impacts on customers, service delivery and business operations.

Directors

The directors who served during the year and up to the date of the report were as follows:

	Appointed	Resigned
K R Lennon	-	-
L A Raven	-	-

Directors' indemnity provision

The articles of association of the Company provide that in certain circumstances the directors are 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 directors (2020: £nil).

Disclosure of information to Auditors

The directors 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.

Alcentra Flandre Limited

Directors' report - continued

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

K R Lennon (Apr 29, 2022 09:38 GMT+1)

K R Lennon
Director

Alcentra Flandre Limited
160 Queen Victoria Street
London
EC4V 4LA

April, 2022

Registered number: 09241646

Alcentra Flandre Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 directors are responsible for the maintenance and integrity of the corporate and financial information. 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 ("the Company") for the year ended 31 December 2021 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 2021 and of its loss 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 FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

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

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- Reviewing minutes of the Board of Directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and considering our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there were no revenue transactions during the year.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included all those posted by senior finance management and post-closing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profit legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequence of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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 directors are 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

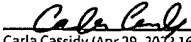
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit 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/auditorsresponsibilities.

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

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.


Carla Cassidy (Apr 29, 2022 16:44 GMT+1)

Carla Cassidy (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

April 2022

Alcentra Flandre Limited

Statement of profit and loss and other comprehensive income for the year ended 31 December 2021

		2021	2020
	Note	€000	€000
Revenue	2	-	65
Administrative expenses	3	(15)	(29)
Operating (loss)/profit		(15)	36
Interest receivable and similar income	5	32	-
Interest payable and similar charges	6	(10)	(37)
Profit/(loss) before taxation		7	(1)
Taxation	7	(26)	-
Total comprehensive loss for the financial year		(19)	(1)

Notes 1 to 12 are integral to these financial statements.

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

The Company had no items going through other comprehensive income during the year (2020: €nil).

Alcentra Flandre Limited

Balance sheet at 31 December 2021

	Note	2021 €000	2020 €000
Current assets			
Debtors	8	-	33
Cash at bank and in hand	9	1,738	1,847
		<u>1,738</u>	<u>1,880</u>
Creditors: amounts falling due within one year	10	(30)	(153)
Net current assets		<u>1,708</u>	<u>1,727</u>
 Total assets less current liabilities		<u>1,708</u>	<u>1,727</u>
Net assets		<u><u>1,708</u></u>	<u><u>1,727</u></u>
 Capital and reserves			
Share premium	11	7	7
Profit and loss account		<u>1,701</u>	<u>1,720</u>
Shareholders' funds		<u><u>1,708</u></u>	<u><u>1,727</u></u>

Notes 1 to 12 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

K R Lennon (Apr 29, 2022 09:38 GMT+1)

K R Lennon
Director

April 2022

Company registered number: 09241646

Alcentra Flandre Limited

Statement of changes in equity

31 December 2021

	Share premium account €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2020	7	1,721	1,728
Total comprehensive loss for the financial year	-	(1)	(1)
Balance at 31 December 2020	7	1,720	1,727

	Share premium account €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2021	7	1,720	1,727
Total comprehensive loss for the financial year	-	(19)	(19)
Balance at 31 December 2021	7	1,701	1,708

Notes 1 to 12 are integral to these financial statements.

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies

1.1 Basis of preparation and statement of compliance with FRS 101

The Company is a private company limited by shares incorporated and domiciled in the UK and registered in England and Wales. The registered address is given on page 1.

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 and all its subsidiary undertakings 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 is considered equivalent under the requirements of Section 401 of the Companies Act 2006. The Bank of New York Mellon Corporation's consolidated financial statements are available at <https://www.bnymellon.com/us/en/investor/relations/overview.html>. 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 accounting standards in conformity with the requirements of the Companies Act 2006 ("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;
- Disclosures in respect of capital management; and
- Disclosures in respect of compensation of key management personnel.

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

Judgements made by the directors, 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 1.12.

1.2 Change in accounting policy

New and amended accounting standards and interpretations

- i. New standards, interpretations and amendments effective from 1 January 2021.

Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies - continued

1.2 Change in accounting policy continued

The amendment has had no impact on the Company's accounting policies.

ii. New standards, interpretations and amendments not yet effective:

A number of amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, except as stated above, the Company has not early adopted the amended standards in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Company's financial statements.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Reference to the Conceptual Framework (Amendments to IFRS 3).
- Property, Plant & Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Annual Improvements to IFRS Standards 2018–2020.
 - IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
 - IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test.
 - IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16.
 - Amendments to IAS 41- Removal of the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Disclosure of Accounting Policies (Amendments to IAS 1 & IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- COVID-19-Related Rent Concessions (Amendment to IFRS 16).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).
- Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9.

1.3 Measurement convention

These financial statements are prepared on the historical cost basis.

1.4 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 pages 2 to 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 objectives and its exposures to credit and liquidity risk.

The directors 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 directors believe that the Company is well placed to manage its business risks successfully.

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies - continued

1.4 Going concern - continued

The Directors have had regard to management's assessment to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the Company to continue as a going concern. No significant issues have been noted. In reaching this conclusion, management considered:

- Strategic plans for the business;
- Stress tests on reasonably plausible scenarios assuming no revenue for a period of 12 months from the date of signing the financial statements;
- Liquidity position based on current cash resources and ;
- The Company's operational resilience on existing processes and key stakeholders such as suppliers and existing IT systems and infrastructure.

Notwithstanding the fact that the Company made a loss in the year ended 31 December 2021, based on the above assessment of the Company's financial position, operational and liquidity risk, the directors have concluded that the Company has adequate resources to continue in operational existence (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.

1.5 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 with entities which form part of the Group. Balances with other members of the Group are disclosed with notes 6, 9 and 10.

1.6 Revenue from contracts with customers

Revenue, which is stated net of value added tax, comprises a set fee for the Company's role as a Corporate Director of Stiga SA and Fraikin in which certain funds managed by another Group entity ("Alcentra Limited") are invested in.

The amount of revenue recognised reflects the consideration the Company expects to be entitled to in exchange for its services in line with the contractual terms agreed with Alcentra Limited and the existing mandates as a Corporate Director. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue producing transaction, are collected from a customer and are excluded from revenue.

Revenue from the Company's performance obligation is satisfied over time and recognised by measuring the Company's progress in satisfying the performance obligation in a manner that reflects the provision of the Directorship services to the customers.

Revenue recognised in 2020 was comprised of annual director's fees payable monthly based on terms specified in the contracts with the Company's customers, Stiga SA and Fraikin and the underlying principal - agency relationship arrangement with Alcentra Limited.

Effective 1 January 2021, director's fees are charged directly by the individual funds and not passed through the Company.

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies - continued

1.7 Interest receivable and payable

Interest receivable and payable is recognised in the Statement of profit and loss and other comprehensive income, using the effective interest rate method.

Interest payable and interest receivable includes interest and net foreign exchange gains or losses that are recognised in the Statement of profit and loss and other comprehensive income (see foreign currency accounting policy).

1.8 Foreign currency

The Company's functional and presentational currency is Euro. 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 and other comprehensive income within interest receivable or payable as appropriate.

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 and other comprehensive income within interest receivable or payable as appropriate.

1.9 Taxation

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

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable or receivable 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 assets or liabilities that affect neither accounting nor taxable profit. 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.

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies - continued

1.10 Non-derivative financial instruments - classification and measurement

Non-derivative financial instruments comprise of debtors and cash at bank and in hand.

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at fair value through profit and loss ("FVTPL"):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A Financial liability is initially recognised at fair value and in the case of loans and borrowings and trade and other creditors, net of directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost.

1.11 Impairment of financial assets (including debtors)

Under IFRS 9, the Company generally recognises loss allowances at an amount equal to 12-month expected credit loss ("ECL") (Stage 1, 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 (Stage 2). Exposures that are in default are regarded as credit impaired (Stage 3) and are also measured on a lifetime ECL basis.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- Financial assets that are credit-impaired at the reporting date – the difference between the gross carrying amount and the present value of estimated future cash flows; and
- Financial guarantee contracts – the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The Company has assessed that the current year ECL charge is immaterial.

1.12 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. For the year ended 31 December 2021, there were no material and significant areas of judgement.

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

2 Revenue from contracts with customers

By activity

	2021	2020
	€000	€000
Directors fees	-	65

3 Administrative expenses and auditor's remuneration

Auditor's remuneration:

	2021	2020
	€000	€000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements pursuant to legislation	12	9

4 Director 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 Group company actually makes the payment to the directors.

	2021	2020
	€000	€000
Directors' emoluments	82	67
Company contributions to money purchase pension plans	1	2
	83	69

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid directors was €46,000 (2020: €35,000), and Company pension contributions of €nil (2020: €1,000) were made to a money purchase scheme on their behalf. During the year, the highest paid director did not exercise share options nor receive shares under a long term incentive scheme.

Number of Directors

	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2

5 Interest receivable and similar income

	2021	2020
	€000	€000
Net foreign exchange gain	32	-
Total interest receivable and similar income	32	-

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

6 Interest payable and similar charges

	2021	2020
	€000	€000
Net foreign exchange loss	-	28
Payable to Group undertakings	10	9
Total interest payable and similar charges	10	37

7 Taxation

Recognised in the statement of profit and loss and other comprehensive income

	2021	2020
	€000	€000
<i>UK corporation tax</i>		
Current tax on profit for the period	1	-
Adjustments in respect of prior periods	25	-
Total current tax	26	-

Factors affecting total tax charge for the current period

	2021	2020
	€000	€000
Loss for the year	(19)	(1)
Total tax expense	26	-
Profit/(loss) excluding taxation	7	(1)
Tax using the UK corporation tax rate of 19.00% (2020: 19.00%)	1	-
Adjustment in respect to prior years	25	-
Total tax expense	26	-

The increase in the UK Corporation tax rate from 19% to 25% (effective April 2023) was enacted on 10 June 2021. This will increase the Company's future tax charge accordingly.

Alcentra Flandre Limited

Notes to the financial statements for the year ended 31 December 2021

8 Debtors

	2021	2020
	€000	€000
Trade debtors	-	26
Tax recoverable	-	7
	<u>-</u>	<u>33</u>

9 Cash at bank and in hand

	2021	2020
	€000	€000
Cash at bank and in hand	<u>1,738</u>	<u>1,847</u>

Cash at bank relates to €1,738,000 (2020: €1,847,000) of funds on deposits with a UK regulated banking entity within the Group.

10 Creditors: amounts falling due within one year

	2021	2020
	€000	€000
Amounts due to Group undertakings	-	60
Taxation and social security	1	-
Other creditors	<u>29</u>	<u>93</u>
	<u>30</u>	<u>153</u>

11 Capital and reserves

Share capital

	2021	2020
	€000	€000
Allotted, called up and fully paid	<u>-</u>	<u>-</u>
One ordinary share of €1	<u>-</u>	<u>-</u>

Allotted, called up and partly paid

The sole share in issue has a nominal value €1, with a share premium of €7,000 (2020: €7,000).

The holders of ordinary shares are entitled to receive dividend as declare 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 2021

12 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. Alcentra Asset Management Limited's registered address is 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 2021 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 its registered address:

The Secretary
The Bank of New York Mellon Corporation
240 Greenwich Street
New York, NY
10286
USA.