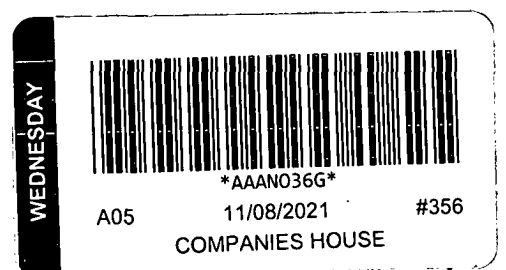


# **Alcentra Flandre Limited**

Strategic report, Director's report and financial statements

Registered number 09241646

31 December 2020



# **Alcentra Flandre Limited**

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# **Alcentra Flandre Limited**

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

### **Director**

K R Lennon

L Raven

### **Secretary**

BNY Mellon Secretaries (UK) Limited

160 Queen Victoria Street

London

EC4V 4LA

### **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. However, effective 1 January 2020 there were contractual amendments for its 2 clients, Stiga SA and Fraikin where the Directorship fees have been waived.

### Financial key performance indicators

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

	2020 €000	2019 €000	Change €000	Change %
Revenue	65	471	(406)	(86)%
Administrative expenses	29	162	(133)	(82)%
Net assets	1,727	1,728	(1)	-

Revenue decreased by €406,000 (86%) during the year driven by net pay away of directorship fees.

Administrative expenses decreased by €133,000 (82%) during the year due to reduction in consultant fees.

Net assets decreased by €1,000 due to 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 7.

### 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 has been performed and management has concluded that the pandemic will not have a substantial impact on the Company's ability to continue as a going concern. This consideration has been detailed within the 'Risk management' section of the Directors' report on page 4.

### Business and future developments

During 2020, the Company continued with its current directorship mandates. In 2021 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.

### Brexit

The UK formally left the European Union ("EU") on 31 January 2020 and ceased to be an EU member state on that date. The departure was subject to a transition period which ended on 31 December 2020. On 24 December 2020, the UK and EU reached a "Trade and Cooperation Agreement" which offered some major free-trade benefits, but also represented an end to most aspects of the free market access that the UK previously enjoyed as an EU member state. The new rules apply from 1 January 2021.

# **Alcentra Flandre Limited**

## **Strategic report - continued**

### **Business and future developments - continued**

The UK's withdrawal from the European Union ("Brexit") has had a limited impact on the Company. The Company continues to monitor other risks which may arise as a result of post-Brexit changes to the UK legal and regulatory framework in which it operates. It could also be impacted by changing economic factors including changes in interest rates and foreign exchange rates.

The Directors believe that there is no material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern due to Brexit.

### **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 Fraikin (the ultimate parent of the Financiere Truck Investments).

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 50% of the total voting shares.

Fraikin is a leading European commercial vehicle leasing company which operates in France, the UK and other western European countries. Its ultimate parent Financiere Truck Investment 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 representative on the board of directors.

### **Approval**

By order of the Board



K R Lennon (Jul 13, 2021 12:10 GMT+1)

K R Lennon  
Director

Alcentra Flandre Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

13 July 2021

Registered number: 09241646

# **Alcentra Flandre Limited**

## **Directors' report**

The directors presents the report and financial statements for the year ended 31 December 2020.

### **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 Fraikin which is the ultimate parent of the Financiere Truck Investments.

### **Results and dividends**

The loss for the year after taxation amounted to €1,000 (2019: €241,000).

Interim dividends paid during the year amounted to €nil (2019: €nil). The directors do not recommend a final dividend for the year ended 31 December 2020 (2019: €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.

### **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.

# **Alcentra Flandre Limited**

## **Directors' report - continued**

### **Risk management process continued**

#### ***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 immaterial.

#### ***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

#### ***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 the assessment of Strategic & Emerging risks as part of the Operational Risk framework relevant framework subject to the Governance of Alcentra and Board level Risk Committees and other business risk related management information which is discussed at Board level.

#### ***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.

#### ***Other macro environmental risks (coronavirus "COVID-19" outbreak)***

In 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation remains dynamic and has led to a continued level of uncertainty among companies and global financial markets. Consideration of the impact of the uncertainty on the Company's financial statements and operational resilience is summarised below:

- The Company's revenue decreased significantly primarily due to changes in its directorship services mandate which was revised during the year but with no direct linkage to COVID-19. Accordingly, the impact of the uncertainty on the Company's revenue has been minimal.
- Liquidity: The Company continues to closely monitor the impact of market volatility on its balance sheet. Management has reviewed the Company's liquidity position as at 31 December 2020 and concluded that there are no liquidity concerns.

# **Alcentra Flandre Limited**

## **Directors' report - continued**

### **Risk management process continued**

#### ***Compliance risk continued***

- Going concern consideration: Management has performed an assessment to determine whether there are any material uncertainties arising due to the pandemic that could cast significant doubt on the ability of the Company to continue as a going concern. This assessment is disclosed in note 1.3 'Going concern' and focuses on the Company's financial and operational resilience 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 Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Company continues to carefully monitor and mitigate the risk on an ongoing basis in order to minimise exposure while maintaining a robust Balance sheet.

### **Directors**

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

	<b>Appointed</b>	<b>Resigned</b>
K R Lennon	-	-
L 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 (2019: €nil).

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

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**

No 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 (Jul 13, 2021 12:10 GMT+1)

K R Lennon  
Director

Alcentra Flandre Limited  
160 Queen Victoria Street  
London  
EC4V 4LA

13 July 2021

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 and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 and prudent;
- state whether applicable UK accounting standards have been followed, 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 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 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 ("the company") for the year ended 31 December 2020 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 2020 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.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 taking into account 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 revenue which is the directorship fees earned during the year is simplistic and does not include high degree of estimation or management judgement.

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 post year end journals, unusual cash entries posted, those posted with key words such as suspense and reversals.

### *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 4, 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](http://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.

  
Neil Palmer (Jul 14, 2021 11:26 GMT+1)

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

*Chartered Accountants*  
*15 Canada Square*  
London, E14 5GL

13 July 2021

## Alcentra Flandre Limited

### Statement of profit and loss and other comprehensive income for the year ended 31 December 2020

	Note	2020 €000	2019 €000
Revenue	2	65	471
Administrative expenses	3	(29)	(162)
<b>Operating profit</b>		<b>36</b>	<b>309</b>
Interest payable and similar charges	5	(37)	(19)
<b>(Loss)/profit before taxation</b>		<b>(1)</b>	<b>290</b>
Taxation	6	-	(49)
Total (loss)/profit for the financial year		(1)	241
<b>Total comprehensive (loss)/income for the financial year</b>		<b>(1)</b>	<b>241</b>

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 (2019: €nil).

# Alcentra Flandre Limited

## Balance sheet at 31 December 2020

		2020	2019
	Note	€000	€000
<b>Current assets</b>			
Debtors	7	33	195
Cash at bank and in hand	8	1,847	1,679
		1,880	1,874
Creditors: amounts falling due within one year	9	(153)	(146)
Net current assets		1,727	1,728
 Total assets less current liabilities		 1,727	 1,728
<b>Net assets</b>		<b>1,727</b>	<b>1,728</b>
 <b>Capital and reserves</b>			
Share premium	10	7	7
Profit and loss account		1,720	1,721
<b>Shareholders' funds</b>		<b>1,727</b>	<b>1,728</b>

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 (Jul 13, 2021 12:10 GMT+1)

K R Lennon  
Director

13 July 2021

Company registered number: 09241646



## Alcentra Flandre Limited

### Statement of changes in equity 31 December 2020

	Share premium account €000	Profit and loss account €000	Total equity €000
Balance at 1 January 2019	7	1,480	1,487
Total comprehensive income for the financial year	-	241	241
<b>Balance at 31 December 2019</b>	<b>7</b>	<b>1,721</b>	<b>1,728</b>

	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)
<b>Balance at 31 December 2020</b>	<b>7</b>	<b>1,720</b>	<b>1,727</b>

Notes 1 to 12 are integral to these financial statements.

# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2020

### 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/index.jsp](https://www.bnymellon.com/us/en/investor_relations/index.jsp). 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 and
- Disclosures in respect of revenue contracts with customers and significant judgements.

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 1.11.

#### 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 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 despite the current uncertain economic outlook.

# **Alcentra Flandre Limited**

## **Notes to the financial statements for the year ended 31 December 2020**

### **1 Accounting policies - continued**

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

Management has performed an 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:

- The financial impact of the uncertainty on the Company's Balance sheet;
- Stress tests on reasonable plausible scenarios in addition to assuming zero 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 including the impact of the pandemic on existing processes and key stakeholders such as suppliers and existing IT systems and infrastructure.

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

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

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

#### **1.5 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.

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.

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.

# **Alcentra Flandre Limited**

## **Notes to the financial statements for the year ended 31 December 2020**

### **1 Accounting policies - continued**

#### **1.6 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 similar charges includes interest payable 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). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

#### **1.7 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.

#### **1.8 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 2020

### 1 Accounting policies - continued

#### 1.9 Non-derivative financial instruments - classification and measurement

Non-derivative financial instruments comprise of debtors, cash at bank and in hand and amounts due to group undertakings.

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.

Such financial assets include debtors and cash at bank and in hand.

Financial assets are measured at fair value through other comprehensive income ("FVOCI") only if they meet both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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 asset is classified into one of these categories on initial recognition. However, for financial assets held at initial application, the business model assessment is based on facts and circumstances at that date. Also, IFRS 9 *Financial Instrument* permits new elective designations at FVTPL or FVOCI to be made on the date of initial application depending on the facts and circumstances at that date.

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 or FVTPL.

#### Business model assessment

Certain financial assets, for example, deposits with central banks and financial institutions, always will be held for collection of contractual cash flows as the nature of the asset means that it cannot be sold. For other financial assets, the Company makes an assessment of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. Information that is considered includes:

- the stated policies and objectives for the portfolio;
- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated; and
- the frequency and volume of historical and expected sales.

The Company generally does not hold assets for trading.

# **Alcentra Flandre Limited**

## **Notes to the financial statements for the year ended 31 December 2020**

### **1 Accounting policies - continued**

#### **Assessment of whether cash flows are solely payments of principal and interest**

'Principal' for these purposes is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that would change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration for the time value of money – e.g. periodic reset of interest rates.

#### **1.10 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.

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

#### **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. For the year ended 31 December 2020, there were no material and significant areas of judgement.

# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2020

### 2 Revenue from contracts with customers

#### Nature of services and revenue recognition

Revenue is 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. The director's fees are fixed annual fees payable monthly for Stiga SA and Fraikin.

Effective 1 January 2020, there have been contractual amendments between the Company and Alcentra Limited which has effectively meant that the Directorship fees obtained from Stiga and Fraikin have been waived as a rebate back to the funds managed by Alcentra Limited.

#### Contract balances

The Company's customers are billed based on fee schedules that are agreed upon in each customer contract. The receivables from customers were €90,417 at 1 January 2020 and €26,250 at 31 December 2020. An allowance is maintained for accounts receivable which is generally based on the number of days outstanding. Adjustments to the allowance are recorded in other expense in the Statement of profit and loss and other comprehensive income.

Contract assets represent accrued revenues that have not yet been billed to the customers due to contingent factors other than the passage of time and were €nil. at 1 January 2020 and €nil. at 31 December 2020.

Contract liabilities represent payments received in advance of providing services under certain contracts and was €nil. 1 January 2020 and €nil. at 31 December 2020. Contract liabilities are a component within other liabilities on the statement of financial position. Revenue recognized in 2020 relating to contract liabilities as of 1 January 2020 was €nil.

Any changes in the balances of contract assets and contract liabilities would result in changes arising from business combinations, impairment of a contract asset and changes in the timeframe for a right to consideration becoming unconditional or a performance obligation to be satisfied. No such instances were noted.

#### Contract costs

Contract costs represent either costs which are capitalised relating to incremental costs for obtaining contracts, or costs incurred for fulfilling contract obligations when they relate directly to an existing contract or specific anticipated contract, generate or enhance resources that will be used to fulfil performance obligations and are recoverable. The Company had €nil. contract costs as at 31 December 2020 (2019: €nil).

#### Unsatisfied performance obligations

The Company does not have any unsatisfied performance obligations other than those subject to a practical expedient election under IFRS 15. The practical expedient applies to (i) contracts with an original expected length of one year or less, and (ii) contracts for which the Company recognises revenue at the amount to which the Company has the right to invoice for services performed.

#### By activity

	2020	2019
	€000	€000
Directors fees	65	471
	<u>65</u>	<u>471</u>

# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2020

### 3 Administrative expenses and auditor's remuneration

Auditor's remuneration:

	2020	2019
	€000	€000
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements pursuant to legislation	9	8

### 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.

	2020	2019
	€000	€000
Directors' emoluments	67	66
Company contributions to money purchase pension plans	2	2
	69	68

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid directors was €35,000 (2019: €34,000), and Company pension contributions of €1,000 (2019: €1,027) 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	
	2020	2019
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2

### 5 Interest payable and similar charges

	2020	2019
	€000	€000
Net foreign exchange loss	28	9
Payable to Group undertaking	9	10
Total interest payable and similar charges	37	19



# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2020

### 6 Taxation

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

	2020	2019
	€000	€000
<i>UK corporation tax</i>		
Current tax on profit for the period	-	55
Adjustments in respect of prior periods	-	(6)
Total tax expense	-	49

#### *Factors affecting total tax charge for the current period*

	2020	2019
	€000	€000
(Loss)/profit for the year	(1)	241
Total tax expense	-	49
(Loss)/profit excluding taxation	(1)	290
Tax using the UK corporation tax rate of 19.00% (2019: 19.00%)	-	55
Effects of group relief/other reliefs	-	(6)
Total tax expense	-	49

The UK Corporate Tax rate for 2020 of 19% (2019 : 19%), as per Finance Act 2020, received Royal Assent on 22 July 2020. UK deferred tax balances as at 31 December 2020 have been calculated with respect to the enacted rate at the balance sheet date of 19% (2019 : 19%). In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

### 7 Debtors

	2020	2019
	€000	€000
Trade debtors	26	90
Amounts due from Group undertakings	-	98
Tax recoverable	7	7
	33	195

# Alcentra Flandre Limited

## Notes to the financial statements for the year ended 31 December 2020

### 8 Cash at bank and in hand

	2020	2019
	€000	€000
Cash at bank and in hand	1,847	1,679

Cash at bank included €1,847,000 (2019: €1,679,000) of funds on deposit with a UK regulated banking entity within the Group.

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

	2020	2019
	€000	€000
Amounts due to Group undertakings	60	60
Other creditors	93	86
	153	146

### 10 Capital and reserves

#### Share capital

	2020	2019
	€000	€000
Allotted, called up and fully paid		
One ordinary share of €1	-	-

#### Allotted, called up and partly paid

The sole share in issue has a nominal value €1, with a share premium of €7,000 (2019: €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.

### 11 Transactions involving directors, officers and others

At 31 December 2020 there were no loans and other transactions made to directors, officers or other related parties of the Company (2019: €nil).

## **Alcentra Flandre Limited**

### **Notes to the financial statements for the year ended 31 December 2020**

#### **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 2020 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.