

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

Company registration number 09929174

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

COMPANY INFORMATION

Directors	D Crawford A Lannon W Paterson D Wilson
Company secretary	N Jennings
Registered number	09929174
Registered office	Arbuthnot House 7 Wilson Street London EC2M 2SN
Independent auditor	Azets Audit Services Chartered Accountants Titanium 1 King's Inch Place Renfrew PA4 8WF

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

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ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The Directors present the Strategic Report, the Directors' Report and the financial statements of the Company for the year ended 31 December 2020.

Business review

The principal activity of the Company is to act as a holding company for investments in Asset Alliance Leasing Limited and ATE Truck and Trailer Sales Limited, whose trade and assets were hived across to Asset Alliance Leasing Limited on 1 January 2019. The subsidiaries are engaged in contract hire and leasing of commercial vehicles, and the sale, rental and refurbishment of trailers and commercial vehicles. The Company did not trade during the year or in the prior period.

Principal risks and uncertainties

Being non-trading, risks and uncertainties affecting the Company are limited. The main risk is the impact of Brexit and Covid-19 and the adverse impact that this may have on the subsidiary businesses. The risk is mitigated within each of the subsidiaries as far as possible through regular Board meetings, budget reviews, planning processes and the preparation and analysis of detailed monthly management accounts.

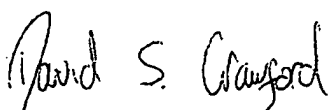
Financial key performance indicators

Given the nature of its operations, there are no key performance indicators.

Future developments

Following the acquisition of the Group by Arbuthnot Latham & Co., Limited, the Group will use the funding available to continue to grow its position in the market.

This report was approved by the Board on 25 August 2021 and signed on its behalf by:



**D Crawford
Director**

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dividends

The Company did not trade in the current year or the prior period.

No dividends were paid during the year.

Directors

The Directors who served during the year and up to the date the financial statements were signed were:

D Crawford (appointed 31 March 2021)
J Jenkins (resigned 31 March 2021)
A Lannon
D McArthur (resigned 31 March 2021)
R McDougall (resigned 31 March 2021)
W Paterson
D Wilson (appointed 31 March 2021)

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to the auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

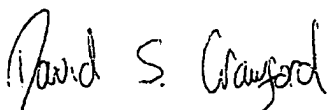
On 10 December 2020, Asset Alliance Group Holdings Limited entered into an agreement to sell its entire issued share capital to Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC.

Following regulatory approval, the transaction with Arbuthnot Latham & Co., Limited completed on 31 March 2021. Shortly after completion, Arbuthnot Latham & Co., Limited provided funds to the Group which allowed the third-party revolving credit facility to be repaid in full.

Auditor

The auditor, Azets Audit Services Limited, trading as Azets Audit Services, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 25 August 2021 and signed on its behalf by:



D Crawford
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

Opinion

We have audited the financial statements of Asset Alliance Group Finance No. 2 Limited (the 'Company') for the year ended 31 December 2020, which comprise the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

Responsibilities of the directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor Report.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with Directors and other management, and from our commercial knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the Company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members, as a body, 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.

Azets Audit Services

James McBride (Senior Statutory Auditor)

for and on behalf of

Azets Audit Services, Statutory Auditor

Chartered Accountants

Titanium 1

King's Inch Place

Renfrew

PA4 8WF

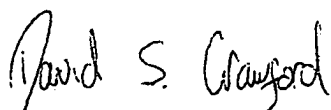
25 August 2021

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED
REGISTERED NUMBER: 09929174

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	6	2,400,145	2,400,145
		<u>2,400,145</u>	<u>2,400,145</u>
Creditors: amounts falling due within one year	7	(1)	(1)
Net current liabilities		<u>(1)</u>	<u>(1)</u>
Total assets less current liabilities		<u>2,400,144</u>	<u>2,400,144</u>
Net assets		<u>2,400,144</u>	<u>2,400,144</u>
Capital and reserves			
Called up share capital	8	100	100
Other reserves	9	2,400,044	2,400,044
		<u>2,400,144</u>	<u>2,400,144</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 25 August 2021 by:



D Crawford
Director

The notes on pages 11 to 15 form part of these financial statements.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital £	Other reserves £	Total equity £
At 1 January 2020	100	2,400,044	2,400,144
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2020	100	2,400,044	2,400,144

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Other reserves £	Total equity £
At 1 January 2019	100	2,400,044	2,400,144
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2019	100	2,400,044	2,400,144

The notes on pages 11 to 15 form part of these financial statements.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Company's transactions are denominated. They comprise the financial statements of the Company drawn up to 31 December 2020.

The continuing activity of Asset Alliance Group Finance No. 2 Limited is to act as a holding company for investments in Asset Alliance Leasing Limited and ATE Truck and Trailer Sales Limited, whose trade and assets were hived across to Asset Alliance Leasing Limited on 1 January 2019. The subsidiaries are engaged in contract hire and leasing of commercial vehicles, and the sale, rental and refurbishment of trailers and commercial vehicles. The Company did not trade during the year or in the prior period.

Asset Alliance Group Finance No. 2 Limited is a Company limited by shares incorporated in the United Kingdom and registered in England. Details of the registered number and office can be found on the company information page of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies, as detailed in note 3.

The following principal accounting policies have been applied:

2.2 Going concern

The share capital of Asset Alliance Group Holdings Limited was purchased by Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC, on 31 March 2021. As part of the transaction, the Group's liabilities in relation to the management loan notes, deep discount bonds and the revolving credit facility, have been settled. The Group is now funded by way of a £200m facility, issued from its Parent Company, Arbuthnot Latham & Co., Limited.

As the Group has access to significant funds through this facility, and given the commitment and support from its Parent Company, the Directors believe that the preparation of the financial statements on a going concern basis is appropriate.

2.3 Consolidation

These financial statements are for the Company. Asset Alliance Group Finance No.2 Limited is a Parent Entity and the exemption from consolidation has been taken as consolidated financial statements are prepared by its parent, Asset Alliance Group Holdings Limited, a Company incorporated in the United Kingdom. Copies of the Group financial statements may be obtained from that Company's registered address.

Exemption has been taken from preparing a Statement of Cash Flows on the grounds that as the Company does not trade, there are no cash transactions in the current year or prior period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when contractual rights to the cashflows from the assets expire, or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2.6 Creditors

Short term creditors are measured at the transaction price.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Share capital

Ordinary shares are classified as equity. Called up share capital represents the nominal value of shares that have been issued.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Directors are satisfied that the accounting policies are appropriate and applied consistently. There are no areas of estimation.

4. Employees

There are no employees (2019: none) and the Directors received no remuneration (2019: £nil) from the company.

5. Taxation

The Company did not trade during the year or prior period and thus no corporation tax is due in the current year or prior period.

6. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2020	2,400,145
At 31 December 2020	<u>2,400,145</u>

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Asset Alliance Leasing Limited	Ordinary	100%
ATE Truck & Trailer Sales Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2020 and the loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	(Loss) £
Asset Alliance Leasing Limited	(11,549,732)	(8,153,523)
ATE Truck & Trailer Sales Limited	1,284,162	(12,395)

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	1	1
	<u>1</u>	<u>1</u>

HSBC has unlimited multilateral Guarantees dated 9 February 2012 given by ATE Truck & Trailer Sales Limited and dated 23 March 2016 given by Asset Alliance Leasing Limited and Asset Alliance Group Finance No.2 Limited. Following the acquisition of the group on 31 March 2021, and subsequent refinancing, these Guarantees were released post year end.

8. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) £1 Ordinary Shares shares of £1.00 each	100	100

Ordinary shares are non-redeemable and one vote can be cast per share. Dividends may be declared in general meetings.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Reserves

Other reserves

In 2016 the investment in ATE Truck & Trailer Sales Limited was purchased from Asset Alliance Finance Limited for consideration of 100 £1 Ordinary shares. The difference between the investment value of £2,400,144 and the £100 of Ordinary share capital was taken to other reserves.

10. Related party transactions

As permitted under FRS 102, transactions with other companies in the Group have not been disclosed as related party transactions.

11. Controlling party

100% of the share capital of Asset Alliance Group Finance No.2 Limited is owned by Asset Alliance Finance Limited. Asset Alliance Finance Limited is owned by Asset Alliance Group Holdings Limited. Asset Alliance Group Holdings Limited is a subsidiary of Arbuthnot Latham & Co., Limited (a company registered in England and Wales), which in turn is a subsidiary of Arbuthnot Banking Group PLC (also a company registered in England and Wales), which is the ultimate parent company. Sir Henry Angest, the Group Chairman and CEO, has a beneficial interest in 56.1% of the issued ordinary share capital of Arbuthnot Banking Group PLC and is regarded by the Directors as the ultimate controlling party. A copy of the consolidated financial statements of Arbuthnot Banking Group PLC may be obtained from 7 Wilson Street, London, EC2M 2SN.

These financial statements are consolidated into the financial statements of Asset Alliance Group Holdings Limited. Copies of the Asset Alliance Group Holdings Limited consolidated financial statements can be obtained from its registered office at Arbuthnot House, 7 Wilson Street, London, EC2M 2SN.

12. Post balance sheet event

On 10 December 2020, Asset Alliance Group Holdings Limited entered into an agreement to sell its entire issued share capital to Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC.

Following regulatory approval, the transaction with Arbuthnot Latham & Co., Limited completed on 31 March 2021. Shortly after completion, Arbuthnot Latham & Co., Limited provided funds to the Group which allowed the third-party revolving credit facility to be repaid in full.



ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

Company registration number 09929174

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

COMPANY INFORMATION

Directors	D Crawford A Lannon W Paterson D Wilson
Company secretary	N Jennings
Registered number	09929174
Registered office	Arbuthnot House 7 Wilson Street London EC2M 2SN
Independent auditor	Azets Audit Services Chartered Accountants Titanium 1 King's Inch Place Renfrew PA4 8WF

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Principal risks and uncertainties

Being non-trading, risks and uncertainties affecting the Company are limited. The main risk is the impact of Brexit and Covid-19 and the adverse impact that this may have on the subsidiary businesses. The risk is mitigated within each of the subsidiaries as far as possible through regular Board meetings, budget reviews, planning processes and the preparation and analysis of detailed monthly management accounts.

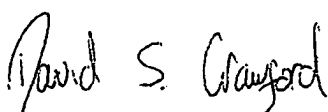
Financial key performance indicators

Given the nature of its operations, there are no key performance indicators.

Future developments

Following the acquisition of the Group by Arbuthnot Latham & Co., Limited, the Group will use the funding available to continue to grow its position in the market.

This report was approved by the Board on 25 August 2021 and signed on its behalf by:



D Crawford
Director

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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Dividends

The Company did not trade in the current year or the prior period.

No dividends were paid during the year.

Directors

The Directors who served during the year and up to the date the financial statements were signed were:

D Crawford (appointed 31 March 2021)
J Jenkins (resigned 31 March 2021)
A Lannon
D McArthur (resigned 31 March 2021)
R McDougall (resigned 31 March 2021)
W Paterson
D Wilson (appointed 31 March 2021)

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Disclosure of information to the auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

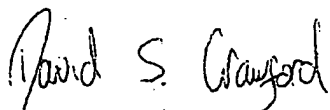
On 10 December 2020, Asset Alliance Group Holdings Limited entered into an agreement to sell its entire issued share capital to Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC.

Following regulatory approval, the transaction with Arbuthnot Latham & Co., Limited completed on 31 March 2021. Shortly after completion, Arbuthnot Latham & Co., Limited provided funds to the Group which allowed the third-party revolving credit facility to be repaid in full.

Auditor

The auditor, Azets Audit Services Limited, trading as Azets Audit Services, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 25 August 2021 and signed on its behalf by:



D Crawford
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

Opinion

We have audited the financial statements of Asset Alliance Group Finance No. 2 Limited (the 'Company') for the year ended 31 December 2020, which comprise the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

Responsibilities of the directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor Report.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with Directors and other management, and from our commercial knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the Company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members, as a body, 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.

Azets Audit Services

James McBride (Senior Statutory Auditor)

for and on behalf of

Azets Audit Services, Statutory Auditor

Chartered Accountants

Titanium 1

King's Inch Place

Renfrew

PA4 8WF

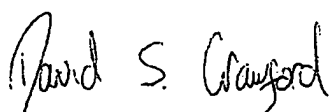
25 August 2021

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED
REGISTERED NUMBER: 09929174

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	6	2,400,145	2,400,145
		<u>2,400,145</u>	<u>2,400,145</u>
Creditors: amounts falling due within one year	7	(1)	(1)
Net current liabilities		<u>(1)</u>	<u>(1)</u>
Total assets less current liabilities		<u>2,400,144</u>	<u>2,400,144</u>
Net assets		<u>2,400,144</u>	<u>2,400,144</u>
Capital and reserves			
Called up share capital	8	100	100
Other reserves	9	2,400,044	2,400,044
		<u>2,400,144</u>	<u>2,400,144</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 25 August 2021 by:



D Crawford
Director

The notes on pages 11 to 15 form part of these financial statements.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Other reserves	Total equity
	£	£	£
At 1 January 2020	100	2,400,044	2,400,144
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2020	100	2,400,044	2,400,144

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Total equity
	£	£	£
At 1 January 2019	100	2,400,044	2,400,144
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
At 31 December 2019	100	2,400,044	2,400,144

The notes on pages 11 to 15 form part of these financial statements.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Company's transactions are denominated. They comprise the financial statements of the Company drawn up to 31 December 2020.

The continuing activity of Asset Alliance Group Finance No. 2 Limited is to act as a holding company for investments in Asset Alliance Leasing Limited and ATE Truck and Trailer Sales Limited, whose trade and assets were hived across to Asset Alliance Leasing Limited on 1 January 2019. The subsidiaries are engaged in contract hire and leasing of commercial vehicles, and the sale, rental and refurbishment of trailers and commercial vehicles. The Company did not trade during the year or in the prior period.

Asset Alliance Group Finance No. 2 Limited is a Company limited by shares incorporated in the United Kingdom and registered in England. Details of the registered number and office can be found on the company information page of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies, as detailed in note 3.

The following principal accounting policies have been applied:

2.2 Going concern

The share capital of Asset Alliance Group Holdings Limited was purchased by Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC, on 31 March 2021. As part of the transaction, the Group's liabilities in relation to the management loan notes, deep discount bonds and the revolving credit facility, have been settled. The Group is now funded by way of a £200m facility, issued from its Parent Company, Arbuthnot Latham & Co., Limited.

As the Group has access to significant funds through this facility, and given the commitment and support from its Parent Company, the Directors believe that the preparation of the financial statements on a going concern basis is appropriate.

2.3 Consolidation

These financial statements are for the Company. Asset Alliance Group Finance No.2 Limited is a Parent Entity and the exemption from consolidation has been taken as consolidated financial statements are prepared by its parent, Asset Alliance Group Holdings Limited, a Company incorporated in the United Kingdom. Copies of the Group financial statements may be obtained from that Company's registered address.

Exemption has been taken from preparing a Statement of Cash Flows on the grounds that as the Company does not trade, there are no cash transactions in the current year or prior period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when contractual rights to the cashflows from the assets expire, or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

2.6 Creditors

Short term creditors are measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Share capital

Ordinary shares are classified as equity. Called up share capital represents the nominal value of shares that have been issued.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Directors are satisfied that the accounting policies are appropriate and applied consistently. There are no areas of estimation.

4. Employees

There are no employees (2019: none) and the Directors received no remuneration (2019: £nil) from the company.

5. Taxation

The Company did not trade during the year or prior period and thus no corporation tax is due in the current year or prior period.

6. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2020	2,400,145
At 31 December 2020	<u>2,400,145</u>

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Asset Alliance Leasing Limited	Ordinary	100%
ATE Truck & Trailer Sales Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2020 and the loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	(Loss) £
Asset Alliance Leasing Limited	(11,549,732)	(8,153,523)
ATE Truck & Trailer Sales Limited	1,284,162	(12,395)

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	1	1
	<u>1</u>	<u>1</u>

HSBC has unlimited multilateral Guarantees dated 9 February 2012 given by ATE Truck & Trailer Sales Limited and dated 23 March 2016 given by Asset Alliance Leasing Limited and Asset Alliance Group Finance No.2 Limited. Following the acquisition of the group on 31 March 2021, and subsequent refinancing, these Guarantees were released post year end.

8. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) £1 Ordinary Shares shares of £1.00 each	<u>100</u>	<u>100</u>

Ordinary shares are non-redeemable and one vote can be cast per share. Dividends may be declared in general meetings.

ASSET ALLIANCE GROUP FINANCE NO. 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Reserves

Other reserves

In 2016 the investment in ATE Truck & Trailer Sales Limited was purchased from Asset Alliance Finance Limited for consideration of 100 £1 Ordinary shares. The difference between the investment value of £2,400,144 and the £100 of Ordinary share capital was taken to other reserves.

10. Related party transactions

As permitted under FRS 102, transactions with other companies in the Group have not been disclosed as related party transactions.

11. Controlling party

100% of the share capital of Asset Alliance Group Finance No.2 Limited is owned by Asset Alliance Finance Limited. Asset Alliance Finance Limited is owned by Asset Alliance Group Holdings Limited. Asset Alliance Group Holdings Limited is a subsidiary of Arbuthnot Latham & Co., Limited (a company registered in England and Wales), which in turn is a subsidiary of Arbuthnot Banking Group PLC (also a company registered in England and Wales), which is the ultimate parent company. Sir Henry Angest, the Group Chairman and CEO, has a beneficial interest in 56.1% of the issued ordinary share capital of Arbuthnot Banking Group PLC and is regarded by the Directors as the ultimate controlling party. A copy of the consolidated financial statements of Arbuthnot Banking Group PLC may be obtained from 7 Wilson Street, London, EC2M 2SN.

These financial statements are consolidated into the financial statements of Asset Alliance Group Holdings Limited. Copies of the Asset Alliance Group Holdings Limited consolidated financial statements can be obtained from its registered office at Arbuthnot House, 7 Wilson Street, London, EC2M 2SN.

12. Post balance sheet event

On 10 December 2020, Asset Alliance Group Holdings Limited entered into an agreement to sell its entire issued share capital to Arbuthnot Latham & Co., Limited, a subsidiary of Arbuthnot Banking Group PLC.

Following regulatory approval, the transaction with Arbuthnot Latham & Co., Limited completed on 31 March 2021. Shortly after completion, Arbuthnot Latham & Co., Limited provided funds to the Group which allowed the third-party revolving credit facility to be repaid in full.