Company Registration No. 10007477 (England and Wales)

Statutory

Minerva Lending PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

UHY Hacker Young
Chartered Accountants

MINERVA LENDING PLC

COMPANY INFORMATION

Directors	Phillip Reeves Knyght Ross Martin Hilton Andrews
Secretary	International Registrars Limited
Company number	10007477
Registered office	10 Queen Street Place London EC4R 1AG
Auditors	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	Metro Bank PLC One Southampton Row London WC1B 5HA
Solicitors	Greenwoods GRM LLP 1 Bedford Row London WC1R 4BZ

MINERVA LENDING PLC

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MINERVA LENDING PLC

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities and fair review of the business

The Company was incorporated on 16 February 2016 as Minerva Lending Limited. The Company re-registered from a private company to a public company on 10 March 2016. The Company was established as a special purpose vehicle to issue notes ("Notes") under a £500,000,000 secured note programme (the "Secured Note Programme"). The Company uses the proceeds of the Note issuances to acquire asset-backed loans to body corporates that meet the necessary borrower loan eligibility cirteria as specified in the issue documentation (the "Base Prospectus").

The Company has made a loss of £412,237 for the year. The exceptional expenses that were incurred during the year related to the operational costs of the Secured Note Programme for fixed costs such as trustee fees, credit committee fees, legal fees and directors' fees. These costs will be recovered through the further deployment of funds raised and the interest rate margin on the loans made above the coupon rate payable on each series of Notes. The Company has completed 14 investments during the year.

During the year, the Company has issued 6,369,000 of Series 5 fixed term 6 year Notes, 867,000 of Series 9 fixed term 4 year Notes, 512,000 of Series C1 fixed term 2 year notes, 1,494,000 of Series C2 fixed term 2 year notes and 1,064,000 of Series C4 fixed term 2 year Notes on the Main Market of the Irish Stock Exchange at a value of £1 per Note issued.

Since the year end, the Company has issued a number of new issuances including:

- A further 160,000 of Series 9 fixed term 5 year Notes;
- A further 281,000 of Series C1 fixed term 2 year Notes; and
- A further 388,000 of Series C2 fixed term 2 year Notes.

Following the above issuances, the total number of fixed term Notes issued to date is 16,630,000.

In accordance with the Base Prospectus, the Company made 14 acquistions of asset-backed loans during the year, and has received 2 repayments on loans purchased including the full principal and interest due.

Since the year end, a further 15 acquisitions of asset-backed loans has occurred up to the date of this report, along with one repayments of previous loans purchased.

The Board continue to operate the Company in accordance with the Base Prospectus. Key updates on the Company will be made available on our website at www.minervalending.com

Going concern

The Directors' have assessed the Company as a going-concern. In arriving at this view, the Directors have reviewed the 2 year detailed forecasts for the Company and have reviewed this in light of the Notes issued to date and their relevant coupon and principal repayment dates. Despite the loss in the year, the Directors' believe this loss will be recovered through continued operations and deployment of the Note issuance proceeds. The Directors' assessment is that the Company remains a going-concern for at least the next 12 months from the date of this report.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The main financial risk faced by the company are credit risk, interest rate risk and liquidity risk. A summary of these risks are included below:

- Credit risk is the risk that counterparties will not be able to meet their obligations to the Company as they become due. Credit risk arises on cash and cash equivalents and loans. The ability of the Company's counterparties to repay their loans is impacted by economic factors in the UK.
- Interest rate risk arises from movements in interest rates on the underlying loans that the Company owns and the Notes in issue. The Company minimises the exposure to interest rate risk by ensuring the Notes are issued at fixed rates and are matched with largely fixed interest rate loans it acquires.
- Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due as a result of the interest or principal repayments being made late. Liquidity risk arises on the Company's Notes in issue. The risk is addressed by having a diversified portfolio of loans with differing interest and principal repayment dates to minimise any specific liquidity events.

Further discussion on risk and sensitivity analysis is discussed within note 4.

Key performance indicators
The performance indicators relate to revenue, cash and investments/loans made. Salient points are:

	2018 £	2017 £
Loss for the year	(412,237)	(142,405)
Cash and cash equivalents	189,855	62,380
Investments	11,572,699	3,548,356

Due to the nature of the Company, the Board considers there to be no main non-financial key performance indicators.

Dependence on key personnel
Whilst the Company has entered into contractual arrangements with the aim of securing the services of its Directors, the retention of their services cannot be guaranteed.

Future developments
The Company continues to investigate opportunities in its core market being short-term asset backed loans. The funds have continued to be raised and we are only in our second full period of the Note issuances. Despite this, the business has been able to place the funds raised to date with appropriate businesses. We shall continue to keep the bondholders aware of the developments of the business on the Company website and through regular market announcements.

On behalf of the board

Reeves Knyght

Phillip Reeves Knyght

Director

16 May 2019

MINERVA LENDING PLC

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and financial statements for the year ended 31 December 2018.

Principal activities
The principal activity of the Company is to operate a special purpose vehicle to issue Notes under the Secured Note Programme, please refer to the Strategic Report for further details.

Results and dividends
The results for the year are set out on page 11.

Future developments
These are detailed in the Strategic Report above.

Directors
The following Directors have held office during the year:

Phillip Reeves Knyght
Ross Martin Hilton Andrews

Directors' interest
At the date of this report the Directors held the following beneficial interest in the ordinary share capital of the Company:

	2018	2017
Phillip Reeves Knyght	50,000	50,000

Substantial interests

As at 31 December 2018 the following investors had an interest of 3% or more in the ordinary share capital of the Company:

	Ordinary shares No.	Percentage
Phillip Reeves Knyght	50,000	100%

Creditor payment policy
The Company's policy is to pay creditors within the agreed terms which are generally no more than 30 days.

Financial risk and management of capital
The major balances and financial risks to which the Company is exposed to and the controls in place to minimise those risks are disclosed in Note 4. The principal current asset of the business is cash. Therefore the principal financial instruments employed by the Company are cash or cash equivalents and the Directors ensure that the business maintains surplus cash reserves to minimise liquidity risk.

A description of how the Company manages its capital is also disclosed in Note 4.

The Board considers and reviews these risks on a strategic basis in order to minimise any potential exposure.

Financial instruments

During the year, the Company has issued the following fixed term Notes:

£6,369,000	Series 5, maturity date 30 June 2024, coupon rate 6% per annum
£867,000	Series 9, maturity date 30 June 2022, coupon rate 7% per annum
£512,000	Series C1, maturity date 30 June 2020, coupon rate 3% + RPI per annum
£1,494,000	Series C2, maturity date 30 June 2020, coupon rate 5% + HHI per annum
£1,064,000	Series C4, maturity date 31 December 2020, coupon rate 6% per annum

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

The Company has continued to service the £2,097,000 Series 2, maturity date 22 August 2026, coupon rate 5.5% per annum during the year.

The company has also continued to service the £2,481,000 Series 5 and £917,000 Series 9 loan notes issued in the prior years with the maturity and coupon rates as noted above.

Coupons payable semi-annually on the fixed term bonds issued on the dates noted below:

Series 2 – 22 February and 22 August
Series 5, Series 9, Series C1, Series C2 and Series C4 – 30 June and 31 December

Auditors
The auditors UHY Hacker Young LLP is deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Company's financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union; 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. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors
Each person who is a Director at the date of approval of this Annual Report confirms that:
- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

Reeves Knyght

Phillip Reeves Knyght
Director

16 May 2019

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors have been charged with governance in accordance with the Base Prospectus describing the structure and operation of the special purpose vehicle. The structure of the Company is such that the key policies have been predetermined at the time of Note issuances and the operational roles have been assigned to third parties with their roles strictly governed by the Base Prospectus.

The Base Prospectus provides for procedures that have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risks of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

Due to the nature of the Notes which have been issued on the Irish Stock Exchange, the Directors are satisfied that there is no requirement to publish a corporate governance statement as the Company is largely exempt from the disclosure requirements of the Irish Corporate Governance Annex and the provisions of the UK Corporate Governance Code.

MINERVA LENDING PLC

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MINERVA LENDING PLC

Opinion
We have audited the financial statements of Minerva Lending plc (the 'company') for the year ended 31 December 2018 which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 as applied to public interest entities, 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
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1) <u>Fixed rate linked bonds valuation and classification</u>

Fixed rate bonds are one of the largest balances in the company's Statement of Financial Position. The proceeds of these issues are on-lent to entities at a higher rate of interest.

As set out in note 2.2 of the financial statements, the directors have classified the company's fixed rate bonds as basic financial instruments. Fixed rate bonds are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

Fixed rate linked bonds is a key audit matter as there is a risk of misstatement if the bonds are incorrectly classified as basic financial instruments.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MINERVA LENDING PLC

2) Recoverability of debts and Going Concern

As noted above, the company has on-lent the proceeds of the debt issues to a number of entities in order to earn interest at a higher rate. We will therefore review the work undertaken by management to determine that these debts are recoverable. This will include a thorough review of these entities' financial statements, forecasts and credit ratings.

3) Going concern

A key aspect of our audit will be to review the directors' work surrounding the going concern assumption for Minerva Lending plc. We will need to be satisfied that the company is going concern taking into account recent losses.

4) Management override of controls

In accordance with ISA 240.31 'While the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities and is a significant risk of material misstatement due to fraud.'

Our application of materiality

We define materiality as the amount of misstatement in the financial statement that is likely to influence the economic decisions of a reasonably knowledgeable person. We set quantitative thresholds for materiality which, together with qualitative considerations, help us to plan the scope of our audit work and to evaluate the results of our work.

We determined materiality for the financial statements as a whole as follows:

Overall materiality	2018: £94,500	2017: £31,000
How we determined it	2018: average of 5% profit before tax, 4% net assets and 2% gross assets	2017: average of 5% profit before tax, 4% net assets and 2% gross assets
Rationale for benchmark	Profit before tax, net assets and gross assets are key performance measures for the company and takes into account all aspects of trading performance of the company	Profit before tax, net assets and gross assets are key performance measures for the company and takes into account all aspects of trading performance of the company

We agreed with those charged with corporate governance that we would report to them misstatements identified during our audit above £4,700 (2017: £1,550) as well as misstatements below that amount that, in our opinion, merited reporting on qualitative grounds. We also reported to those charged with corporate governance any disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

We designed our audit by obtaining an understanding of the company and its environment, and assessing the risk of material misstatement in the financial statements. When assessing the risk of material misstatement, we consider whether the directors made judgments or assumptions that are, by their nature, subjective. The scope of our audit was influenced by the level of materiality we determined.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MINERVA LENDING PLC

1) Fixed rate bonds valuation and classification

We reviewed the accounting treatment of the fixed rate bonds to assess that they continued to comply with the relevant accounting standard.

We obtained backing documentation relating to the fixed rate bonds and recalculated the interest payable for the financial reporting period. We also assessed if the correct disclosures were made within the financial statements.

We noted that the fixed rate bonds were accounted for using the coupon rate and not the effective interest rate. Following discussion with management, it was agreed that the adjustment required of £43,733 is not material and the statutory accounts were not revised.

We did not identify any other issues in respect of the accounting treatment of the senior securities and interest payable.

2) Recoverability of debts

No issues were noted regarding the recoverability of the debts and the securities on the loans were more than the value of the debts.

3) Going Concern

In order to carry out our evaluation of the directors' assessment of going concern, we have reviewed the forecasts and management accounts in order to consider the effects on the company's cash position. No issues were noted.

4) Management override of controls

We tested the appropriateness of journal entries recorded in the general ledger and any other adjustments made in the preparation of the financial statements.

We obtained an understanding of the business rationale of any significant transactions outside the normal course of business or appeared to be unusual given our understanding of the company and its environment.

No unusual journals were identified.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF MINERVA LENDING PLC

Opinions 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 directors' report and the strategic 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 or 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities 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, and for internal controls 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: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

MINERVA LENDING PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF MINERVA LENDING PLC

Other matters which we are required to address
We were appointed by Minerva Lending PLC on 19 April 2017. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 2 years.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

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 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.

Marc Waterman (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young LLP, Statutory Auditor
Quadrant House
4 Thomas More Square
London
E1W 1YW

Date 16 May 2019

MINERVA LENDING PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Continuing operations			
Revenue		924,786	177,289
Administrative expenses	5	(331,664)	(133,549)
Loan impairment		(73,585)	-
Operating profit	6	519,537	43,470
Finance costs	8	(931,774)	(186,145)
Loss on ordinary activities before taxation		(412,237)	(142,405)
Income tax expense	9	-	-
Loss for the year		(412,237)	(142,405)
Loss per share (expressed in pence per share)	10	(824.47)p	(284.81)p

The notes on pages 15 to 25 form part of these financial statements.

MINERVA LENDING PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	As at 31 December 2018 £	As at 31 December 2017 £
Assets			
Current assets			
Cash and cash equivalents	13	189,855	62,380
Other receivables	12	2,989,294	1,614,149
Investments	14	11,572,699	3,548,356
Total assets		14,751,848	5,224,885
Equity and liabilities			
Equity attributable to owners of the Company.			
Ordinary shares	15	50,000	50,000
Accumulated losses	16	(645,750)	(233,513)
Total equity		(595,750)	(183,513)
Liabilities			
Current Liabilities			
Trade and other payables	17	583,710	74,281
Non-current liabilities			
Borrowings	18	14,763,888	5,334,117
Total liabilities		15,347,598	5,408,398
Total equity and liabilities		14,751,848	5,224,885

The notes on pages 15 to 25 form part of these financial statements.

Approved by the Board and authorised for issue on 16 May 2019.

Reeves Knyght

Phillip Reeves Knyght
Director

Company Registration No. 10007477

MINERVA LENDING PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flows from operating activities			
Net cash outflow from operating activities	19	(983,702)	(1,346,455)
Net cash utilised in operating activities		(983,702)	(1,346,455)
Cash flows from investing activities			
Loans provided to eligible borrowers		(12,627,888)	(3,283,526)
Loans repaid by eligible borrowers		4,667,025	1,287,028
Net cash utilised in investing activities		(7,960,863)	(1,996,498)
Cash flows from financing activities			
Net proceeds from issue of loan notes		9,072,040	3,109,554
Net cash generated from financing activities		9,072,040	3,109,554
Net increase in cash and cash equivalents		127,475	(233,399)
Cash and cash equivalents at the beginning of the year		62,380	295,779
Cash and cash equivalents at end of year		189,855	62,380

The notes on pages 15 to 25 form part of these financial statements.

MINERVA LENDING PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Accumulated losses £	Total £
As at 31 December 2017	50,000	(233,513)	(183,513)
Loss for the year	-	(412,237)	(412,237)
As at 31 December 2018	**50,000**	**(645,750)**	**(595,750)**

	Share capital £	Accumulated losses £	Total £
As at 31 December 2016	50,000	(91,108)	(41,108)
Loss for the year	-	(142,405)	(142,405)
As at 31 December 2017	**50,000**	**(233,513)**	**(183,513)**

Share capital is the amount subscribed for shares at nominal value.

Accumulated losses represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 15 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 General information

Minerva Lending Plc was founded in February 2016 to predominantly focus on short-term, asset-backed loans to body corporates that meet the necessary borrower eligibility criteria. It is the Directors' intention to mainly target investments of a 3-12 month durations that will be funded by way of the issuance of a fixed term bonds. The Company is both based and has been incorporated in the United Kingdom. The address of the registered office is disclosed on the Company information page at the front of the Annual Report.

The Company is a public limited company and the Note it issues under the Secured Note Programme are listed on the Main Securities Market of the Irish Stock Exchange.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Going Concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the issuance of further long-term Notes. These Notes are not due for repayment until 2020 so the Directors believe the going concern basis is appropriate despite the small negative net asset position at period end.

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

New and amended standards adopted by the Company

The adoption of the following mentioned amendments in the current year have not had a material impact on the Company's financial statements:

	EU effective date – periods beginning on or after
Amendment to IAS 7 *Statement of Cash Flows*: Disclosure initiative	1 January 2018
Amendment to IAS 12 *Income Taxes*: Recognition of deferred tax assets for unrealised losses	1 January 2018

2.1 Basis of preparation (Continued)

At the date of approval of the Directors' report and financial statements, certain new standards, amendments and interpretations to existing standards became effective, as they had not been previously adopted by the Company.

Information on new standards, amendments and interpretations that are relevant to the Company's annual report and accounts is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's annual report and accounts.

IFRS 9 "Financial Instruments"

In the current year, the Company has applied IFRS 9 "Financial Instruments" (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.The IASB have released IFRS 9 following completion of the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 and has been endorsed by the European Union.. The Company's management has performed an impact assessment of the effects of IFRS 9 on the 2018 figures and there are no material changes to the Company's annual report and accounts.

Standards, interpretations and amendments to published standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2018 and have not been early adopted:

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 16	Leases	Requirements for lessees to account for leases 'on balance sheet' by recognizing a 'right-of-use' asset and a lease liability.	1 January 2019

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Company.

2.2 Financial assets and liabilities

The Company classifies it financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

2.2 Financial assets and liabilities (Continued)

(b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership. In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Company establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

2.3 Revenue

Revenue will comprise interest income using the effective interest method. The effective interest method calculates the amortised cost of a financial asset and allocated the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses.

2.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.5 Investments

Investments represent loans acquired in accordance with the borrower loan eligibility criteria as specified in the Base Prospectus. They are valued at the relevant cost and are held as current assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

2.6 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.9 Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Income tax expense

Current tax is recognised as the amount of corporation tax payable in respect of taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on initial recognition of a business combination, the tax expense/(income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and

2.10 Income tax expense (continued)

- the deferred tax assets and deferred tax liabilities relate to corporation tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

3 Critical accounting estimates and judgments

The Company makes certain judgements and estimates that affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company assets include loans made to related and third party companies. The Directors do not believe the loans require any provisions against recovery of the principal or interest at the year end.

4 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

4.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Credit risk
The Company's take on exposure to credit risk, which is this risk that the counterparty will be unable to pay amounts in full when due. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also maintained by obtaining collateral, the loans to customers include debentures and personal guarantees and the Directors therefore believe there is a low risk of customer default.
The maximum exposure to credit risk for the Company's was as follows:

Credit risk exposure relating to on-balance sheet assets are as follows:	**2018** £	**2017** £
Trade receivables	900	-
Other receivables	2,988,394	1,614,149
Investments	11,572,699	3,548,356
	14,561,993	5,162,505

b) Cash flow and Interest rate risk
The Company's borrowings are at a fixed rate of interest exposing the Company to fair value interest rate risk. The Company does not manage any cash flow interest rate risk.

c) Liquidity risk
The Company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the Notes. This applies equally to the underlying investments of the companies or projects in which the Company invests.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

4.1 Financial risk factors (Continued)

d) Capital risk
The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investments are closely monitored by the Collateral manager.

e) Market risk
A general economic downturn at a global level, or in one of the world's leading economies, could impact on the Company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the Company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the Company's operations. These risks are also applicable to most companies and the risk that the Company will be more affected than the majority of companies is assessed as small.

f) Price risk
The Company's principal activity is the acquisition of asset-backed loans. The Company does not have a diversified portfolio of assets and is therefore at risk.

4.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels.

5 Administrative Expenses

Administrative expenses are comprised of the following:

	2018	2017
	£	£
Trustee fees	16,435	15,083
Directors fees and PAYE	29,750	19,896
Audit fees	32,000	12,000
Settlement and pricing agent fees	-	17,940
Legal and professional fees	39,863	8,499
Collateral management fees	150,360	-
Credit committee fees	30,000	20,417
Other expenses	33,256	39,714
	331,664	133,549

6 Operating profit

	2018	2017
	£	£
Operating profit is stated after charging:		
Audit fees	32,000	12,000

7 Staff costs

The average monthly number of employees (including directors) during the year was:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

7 Staff costs (Continued)

	2018 Number	2017 Number
Directors	2	2

8 Finance costs

	2018 £	2017 £
Finance cost in relation to fixed term Notes	931,774	186,145

9 Taxation

	2018 £	2017 £
Total current tax	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(412,237)	(142,405)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19%/19%	(78,325)	(27,057)
Effects of:		
Adjustments in relation to prior years	-	-
Tax losses carried forward	78,325	27,057
Current tax charge for the year	-	-

The Company has estimated tax losses of £645,750 (2017: £233,513) available for carry forward against future trading profits.

The deferred tax asset at the year end of £122,692 (2017: £44,367) has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

10 Loss per share

	2018 £	2017 £
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year:		
Loss after tax attributable to equity holders of the Company	(412,237)	(142,405)
Weighted average number of ordinary shares	50,000	50,000
Basic and diluted loss per share	(824.47)p	(284.81)p

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

11 Dividends

No dividends were paid or proposed for the year to 31 December 2018 (2017: £nil).

12 Trade and other receivables

	2018 £	2017 £
Trade receivables	900	-
Unpaid share capital	37,500	37,500
Receivable from Collateral Manager	29,768	668,434
Prepayments	105,092	750,760
Other receivables	2,816,034	157,455
	2,989,294	1,614,149

13 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2018 £	2017 £
Cash and cash equivalents	189,855	62,380

The carrying amount of cash and cash equivalents approximates to its fair value.

14 Investments

	2018 £	2017 £
Secured loans	11,572,699	3,548,356

Secured loans comprise twenty five loans including accrued interest to 31 December 2018. The effective rate of these loans is between 8% - 14.4% per annum.

In the prior year, the secured loans comprise of nine loans including accrued interest to 31 December 2017 at an interest rate of between 8% - 14% per annum.

15 Share capital

	2018 £	2017 £
Allotted and partly paid		
50,000 Ordinary shares of £1 each	50,000	50,000

The Company issued 100 fully paid ordinary share on 16 February 2016 at £1 to Christopher Robin Leslie. On 3 March 2016 a further 49,900 ordinary shares at £1 were issued, partly paid to 25 pence each. These shares were transferred to Phillip Reeves Knyght on 4 May 2016.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

16 Accumulated losses

	2018 £	2017 £
At 1 Janaury 2018	(233,513)	(91,108)
Loss for the year	(412,237)	(142,405)
At 31 December 2018	(645,750)	(233,513)

17 Trade and other payables

	2018 £	2017 £
Trade payables	64,896	22,886
Accruals	507,301	51,395
Other payables	11,513	-
	583,710	74,281

Accruals comprises interest on issued Notes.

18 Borrowings

	2018 £	2017 £
Non-current		
Notes	15,801,000	5,495,000
Unamortised finance costs	(1,037,112)	(160,883)
	14,763,888	5,334,117

All non-current borrowings are wholly repayable after a minimum of 8 years. The Notes are secured by a first floating charge over all of the assets of the Company and bear interest of between 5.5%-7.6% per annum paid in semi-annual instalments. Series 2 expires 22 August 2026, Series 5 expires 30 June 2024, Series 9 expires 30 June 2022, Series C1 expires 30 June 2020, Series C2 expires 30 June 2020 and Series C4 expires 31 December 2020.

The finance costs were incurred upon the placing of the bonds and were paid to third parties. These amounts are being amortised on a straight-line basis over the life of the bonds, the above balance represents the remaining unamortised amount.

19 Cash generated from operations

	2018 £	2017 £
Reconciliation to cash generated from operations		
Cash paid to suppliers	(521,190)	(1,169,146)
Cash generated from operations	(521,190)	(1,169,146)
Interest expense	(462,512)	(177,309)
Net cash outflow from operating activities	(983,702)	(1,346,455)

20 Control

The entire share capital of the Company is held by Philip Reeves Knyght on trust for certain beneficiaries. The Board has determined that the control of the day-to-day activities of the Company rests with the Board.

21 Related party transactions

During the year there were related party transactions with Minerva Lending Management Limited (the "Collateral Manager"). The Collateral Manager is a related party as it is contracted by Minerva Lending Plc to provide collateral management services, including administration services as specified in the Base Prospectus. As at year end, setup costs and fees were paid by Minerva Lending Plc which are to be repaid by the Collateral Manager totaling £790,138 (2017: £668,434). In addition, Minerva Lending Management Limited has accrued collateral management and loan origination fees that were paid by Minerva Lending Plc as recoverable until such time as net profits are earned by Minerva Lending Plc.

22 Contingent liabilities

The Company has no contingent liabilities.

23 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

24 Events after the reporting period

The following transactions have occurred after the reporting period:

Note issuances:

- 160,000 Notes issued in Series 9, for net proceeds of £162,042;
- 281,000 Notes issued in Series C1, for net proceeds of £280,912; and
- 388,000 Notes issued in Series C2, for net proceeds of £381,391.

Coupon payment:

- £265,500 of Series 5 coupon paid to noteholders;
- £62,440 of Series 9 coupon paid to noteholders;
- £101,214 of Series C1 coupon paid to noteholders;
- £44,850 of Series C2 coupon paid to noteholders; and
- £31,920 of Series C4 coupon paid to noteholders.

Loans acquired:

- £85,000 investment in SPV 27 which is an investment in property development in Bracknell, Berkshire.
- £241,602 investment in SPV34 which is an investment in property development in Milton Keynes, Buckinghamshire.
- £144,990 investment in SPV44 which is an investment in property development in Birmingham Central Hall, Birmingham.
- £310,000 investment in SPV12 which is an investment in property development in Chippenham, Wiltshire.
- £152,000 investment in SPV 39/40 which is an investment in property development in Uxbridge, Middlesex.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

24 Events after the reporting period (continued)

- £310,000 investment in SPV42 which is an investment in property development in House Network Limited , Essex

Repayments Received:

- £160,500 repayment received from from SPV27 following the refinancing of the property.