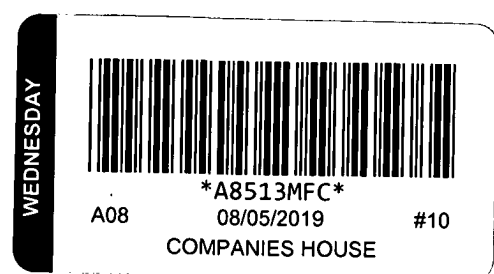


Company Registration No: 10270026

Aspen Bridging Limited

Annual Report and Financial Statements

For the year ended 31 January 2019



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Aspen Bridging Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E H Ahrens
A M V Coombs
G D C Coombs
J E Coombs
C H Redford

COMPANY SECRETARY

C H Redford

REGISTERED OFFICE

2 Stratford Court
Cranmore Boulevard
Solihull
Birmingham
B90 4QT

BANKERS

HSBC Bank plc
130 New Street
Birmingham
B2 4JU

SOLICITORS

DLA
Victoria Square House
Victoria Square
Birmingham
B2 4DC

AUDITOR

Deloitte LLP
Statutory Auditors
Birmingham
United Kingdom

Aspen Bridging Limited

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The Company provides underwritten secured property bridging finance via brokers to the property bridging market.

BUSINESS REVIEW, RESULTS, DIVIDENDS AND FUTURE DEVELOPMENTS

The Company started trading on 1 February 2017 providing underwritten property bridging finance via brokers to the property bridging market.

The financial year 2018/2019 was a successful second year for Aspen Bridging Limited as the business continued to develop strong broker relationships, increasing the online marketing presence, working with good business partners and continuing to evolve the rigorous underwriting processes resulting in £23m (2018: £13m) total loan advances being made throughout the year. These loan advances related to 62 bridging loan facilities (2018: 35 loan facilities) with 40 loans (2018: 5 loans) being repaid before the year end. The company gained two high profile industry awards during 2018 which reflects positively on the products and services being offered to the broker market. This also cements the awareness by brokers of the company's growing presence and reputation in the bridging finance market. The directors see these second year results as continuing to provide a promising platform for the future development and growth of the Company.

The Company's profit on ordinary activities after tax was £679,554 (2018: £242,363 loss) and this is a positive step forward from the previous year results for 2017/2018. The Company is achieving profit on a month by month basis as the income generated for each loan gets stronger through the life of the loan. The directors therefore consider the second year result to be satisfactory and no dividend will be payable leaving retained profits of £679,554 (2018: £242,363 retained losses) to be transferred to reserves. The Company's principal balance sheet asset is its book debt, the value of which at year-end was over £18m (2018: £10.8m), and the directors consider the year-end balance sheet position to be satisfactory.

REVIEW OF PRINCIPAL RISKS AND UNCERTAINTIES

Consumer and Economic risks including the value of security

The Company is involved in the provision of secured credit to individuals and corporates. It is considered that the key material risk to which the Company is exposed is the credit risk inherent in amounts receivable from customers. This risk is principally controlled through our credit control policies supported by ongoing reviews for impairment. The value of amounts receivable from customers may also be subject to the risk of a severe downturn in the UK economy which might affect the value of the underlying security and/or the customer ability to repay. Property Bridging Loans are for large amounts to a few individual borrowers so individual borrower concentration risk is quite high at this early stage of the Company's development but the underlying securities are well spread geographically. It is recognised that as the Company is only involved in Property Bridging Finance, there is an element of market concentration risk and within that to the values of the properties which are used as security. These economic and concentration risks are principally controlled through our credit control policies including loan to value limits that, based on significant analysis vary by geography and security property type and through ongoing monitoring and evaluation. There are no actual losses to date at this stage of the business development.

Funding and liquidity Risk

Funding and liquidity risk relates to the availability of sufficient borrowing facilities for the Company to meet its liabilities as they fall due. The Company is currently funded exclusively by inter company borrowing from its parent company S&U Plc so funding and liquidity risk is managed at Group level. Group funding risk is managed by ensuring that the Group has a variety of funding sources and by managing the maturity of borrowing facilities such that sufficient funding is available for the medium term. Compliance with Group banking covenants is monitored closely so that facilities remain available at all times. The Group's activities expose it to the financial risks of changes in interest rates and where appropriate the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings.

Aspen Bridging Limited

STRATEGIC REPORT (CONTINUED)

Legal Risk

In terms of legal risk, the Company is subject to legislation including credit legislation which contains very detailed and highly technical requirements. The Company has procedures in place and has specialist legal and compliance advisers to ensure compliance with this legislation. The Company is also a member of two important trade body associations that provide guidance on compliance and regulation whilst also requiring very high standards of conduct by any member. Whilst the Property Bridging Loans provided by Aspen Bridging are unregulated, the company still has a registration with the FCA for Anti Money Laundering purposes and is required to ensure the loans being made are appropriate. The Company like other companies in the financial services sector therefore still has exposure to a reduction in earnings and/or value, through financial or reputational loss, from failing to comply with the laws and regulations. These risks are addressed by the constant review and monitoring of the Company's internal controls and processes. This constant review and monitoring are buttressed by special advice from lawyers and from trade and other organisations and by the work of our internal auditors. In addition the Company also manages this risk through staff training.

Other operational risks are endemic to any finance business. Rigorous procedures, detailed recovery plans and, above all, sound experience and commercial common sense provide the Company with the appropriate protection.

STATEMENT OF GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Company, its cash flows, liquidity position and inter company borrowings are set out in the financial statements. The Group have committed to continue to support the Company including at this early stage of its development when it has net liabilities. In assessing the appropriateness of the going concern assumption, the directors are mindful of the need to effectively manage the Company's risks. The Company is part of the S&U Group and the Group's objectives, policies and processes for managing its capital are described in the notes to the S&U Plc Group financial statements. Details of the Group's financial risk management objectives, its financial instruments and hedging activities; and its exposures to credit risk, market risk and liquidity risk are also set out in the notes to the S&U Plc Group financial statements and in the principal risks and uncertainties set out above. In considering all of the above, the directors believe that the Company is well placed and has sufficient financial resources to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and financial statements.

APPROVAL OF STRATEGIC REPORT

This Strategic Report has been prepared for the Company in accordance with Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Approved by the Board of Directors and signed on behalf of the Board



EH Ahrens

Managing Director

18 April 2019

Aspen Bridging Limited

DIRECTORS' REPORT

The directors present their Annual Report and the audited financial statements for the year ended 31 January 2019.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:

EH Ahrens, AMV Coombs, GDC Coombs, JE Coombs, CH Redford.

DIVIDENDS

No dividends were paid during the year (2018: £nil).

CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued shared capital during the year are shown in note 12. The Company has one class of ordinary share which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfers of securities or on voting rights.

INFORMATION PROVIDED TO THE AUDITORS

Each of the directors at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

INFORMATION PRESENTED IN OTHER SECTIONS

Certain information required to be included in the Director's Report can be found in other sections of the Annual Report and financial statements or in the Group Annual Report. All the information presented in these sections is incorporated by reference into this Director's Report by reference into this Director's Report and is deemed to form part of this report.

Aspen Bridging Limited

DIRECTORS' REPORT (CONTINUED)

- The Company's principal risks and uncertainties are set out in the Strategic Report.
- The Company's likely future developments are also set out in the Strategic Report.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'CH Redford', written in a cursive style.

CH Redford

Director

18 April 2019

Aspen Bridging Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and loss of the company;
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the Board



CH Redford

Director

18 April 2019

Aspen Bridging Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN BRIDGING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Aspen Bridging Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 January 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 18

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.

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Aspen Bridging Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN BRIDGING LIMITED (CONTINUED)

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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 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.

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 any material misstatements in the strategic report or the directors' report.

Aspen Bridging Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPEN BRIDGING LIMITED (CONTINUED)

Matters on which we are required to report by exception

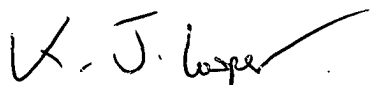
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Kieren Cooper (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

18 April 2019

ASPEN BRIDGING LIMITED**INCOME STATEMENT****For the year ended 31 January 2019**

	Note	2019 £	2018 £
Revenue		2,842,944	898,589
Cost of sales	3	(658,960)	(469,341)
Gross profit		<u>2,183,984</u>	<u>429,248</u>
Administrative expenses		(806,904)	(591,053)
Operating profit	5	<u>1,377,080</u>	<u>(161,805)</u>
Finance costs	6	(538,880)	(136,558)
Profit before tax		<u>838,200</u>	<u>(298,363)</u>
Taxation	7	(158,646)	56,000
Profit for the year		<u><u>679,554</u></u>	<u><u>(242,363)</u></u>

All activities derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

	2019 £	2018 £
Profit for the year	679,554	(242,363)
Total Comprehensive Profit for the year/period	<u><u>679,554</u></u>	<u><u>(242,363)</u></u>

BALANCE SHEET
As at 31 January 2019

	Note	2019 £	2018 £
ASSETS			
Non Current Assets			
Property, plant and equipment	8	46,868	35,473
		<u>46,868</u>	<u>35,473</u>
Current Assets			
Amounts receivable from customers	9	18,252,225	10,840,397
Current tax asset		-	56,000
Trade and other receivables	10	59,153	99,312
Cash and cash equivalents		-	-
		<u>18,311,378</u>	<u>10,995,709</u>
Total Assets		<u>18,358,246</u>	<u>11,031,182</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	-	(53,024)
Current tax liabilities		(161,000)	-
Accruals and deferred income		(99,883)	(20,421)
Total current liabilities		<u>(260,883)</u>	<u>(73,445)</u>
Non current liabilities			
Trade and other payables	11	(17,660,072)	(11,200,000)
Total non current liabilities		<u>(17,660,072)</u>	<u>(11,200,000)</u>
Total liabilities		<u>(17,920,955)</u>	<u>(11,273,445)</u>
NET ASSETS		<u>437,291</u>	<u>(242,263)</u>
Equity			
Called up share capital	12	100	100
Profit and loss account		437,191	(242,363)
Total equity		<u>437,291</u>	<u>(242,263)</u>

The financial statements for Aspen Bridging Limited (company registered no. 10270026) were approved by the Board of Directors on 18 April 2019.

Signed on behalf of the Board of Directors



CH Redford

Director

Aspen Bridging Limited

STATEMENT OF CHANGES IN EQUITY For the year ended 31 January 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 8 July 2017	100	-	100
Total comprehensive loss for period	-	(242,363)	(242,363)
At 31 January 2018	100	(242,363)	(242,263)
Total comprehensive income for year		679,554	679,554
At 31 January 2019	100	437,191	437,291

CASH FLOW STATEMENT

For the year ended 31 January 2019

	Note	2019 £	2018 £
Net cash inflow/(outflow) from operating activities	13	(6,381,397)	(11,208,683)
Cash flows used in investing activities			
Purchases of property, plant and equipment		(25,651)	(44,341)
Net cash used in investing activities		(25,651)	(44,341)
Cash flows from financing activities			
Intercompany loan payable		6,407,048	11,253,024
Issue of new shares		-	-
Net cash from financing activities		6,407,048	11,253,024
Net (decrease)/ increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of year		-	-
Cash and cash equivalents at the end of year		-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 January 2019

1. ACCOUNTING POLICIES

1.1 General Information

Aspen Bridging Limited is a private limited company and is limited by shares. The company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. All operations are situated in the United Kingdom.

1.2 Basis of preparation

As part of a listed group we elected to prepare our financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. These financial statements have been prepared under the historical cost convention. As discussed in the Strategic Report, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In the current year and in accordance with IFRS requirements, certain new and revised Standards and Interpretations have been adopted but these have had no significant effect on the amounts reported in these financial statements.

The Company has adopted IFRS9 financial instruments which was effective for the first time during the year ended 31 January 2019 – the main change in this standard for the company is to replace the IAS39 incurred loss impairment approach with an expected loss approach under IFRS9. In accordance with transitional provisions of the IFRS9 Standard, comparative periods have not been restated and therefore information for the year to 31 January 2018 and for the year to 31 January 2019 is not directly comparable.

As part of its transition to IFRS9 the Company has also early adopted IFRS16 Leases with effect from 1 February 2018 in advance of its normal effective date of 1 February 2019.

IFRS9 new accounting standard

In the current year and in accordance with IFRS requirements, certain new and revised Standards and Interpretations have been adopted and these have had no significant effect on the amounts reported in these financial statements with the exception of the standards and effects set out below:

At 1 February 2018 the Company has adopted IFRS9 financial instruments which was effective for the first time during the year ended 31 January 2019 – the main change in this standard for the company is to replace the IAS39 incurred loss impairment approach with an expected loss approach under IFRS9. This standard requires the Company to review fees, charges and other income for the purposes of calculating the effective interest rate on our loans. In accordance with transitional provisions of the IFRS9 Standard, comparative periods have not been restated and therefore information for the year to 31 January 2018 and for the year to 31 January 2019 is not directly comparable. The impact on opening receivables balance was £nil.

1.3 Revenue recognition

Interest income is recognised in the income statement for all loans and receivables measured at amortised cost using the effective interest rate method (EIR) as per the requirements in IFRS9. The EIR is the rate that exactly discounts estimated future cash flows of the loan back to the present value of the advance. Acceptance fees charged to customers and any direct transaction costs are included in the calculation of the EIR. Commission received from third party insurers for brokering the sale of title insurance products, for which the company does not bear any underlying insurance risk is recognised and credited to the income statement when the brokerage service has been provided.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Impairment and measurement of amounts receivable from customers

All customer receivables are initially recognised at the amount loaned to the customer plus direct transaction costs. After initial recognition the amounts receivable from customers are subsequently measured at amortised cost.

The directors assess on an ongoing basis whether there is objective evidence that a loan asset or group of loan assets is impaired and requires a deduction for impairment. A loan asset or a group of loan assets is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan. Objective evidence may include evidence that a borrower or group of borrowers is experiencing financial difficulty, default or delinquency in repayments. Impairment is then calculated by estimating the future cash flows for such impaired loans, discounting the flows to a present value using the original EIR and comparing this figure with the balance sheet carrying value. All such impairments are charged to the income statement.

Key assumptions in ascertaining whether a loan asset or group of loan assets is impaired include information regarding the probability of any account going into default (PD) and information regarding the likely eventual loss including recoveries (LGD). These assumptions for estimating future cash flows are based upon observed historical data and updated as management considers appropriate to reflect current and future conditions. All assumptions are reviewed regularly to take account of differences between previously estimated cash flows on impaired debt and the eventual losses.

There are 3 classification stages under IFRS9 for the impairment of amounts receivable from customers:

Stage 1: Not credit impaired and no significant increase in credit risk since initial recognition

Stage 2: Not credit impaired and a significant increase in credit risk since initial recognition

Stage 3: Credit impaired

For all loans in stages 2 and 3 a provision equal to the lifetime expected credit loss is taken. In addition and in accordance with the provisions of IFRS9 a collective provision for 12 months expected credit losses ("ECL") is recognised for the remainder of the loan book. 12 month ECL is the portion of lifetime ECL that results from default events on a financial asset that are possible within 12 months after the reporting date.

PD/LGD calculations for expected loss impairment provisions have been developed for Aspen Bridging Limited in accordance with IFRS9. Stage 1 expected losses are recognised on inception/initial recognition of a loan based on the probability of a customer defaulting in the next 12 months. If Aspen became aware of a significant adverse change in borrower or security circumstances during the life of the loan but the loan is not in default, then the loan is transferred to Stage 2. The Bridging product has a single repayment scheduled for the end of the loan term and if a bridging loan is not granted an extension or repaid and falls into default beyond the end of the loan term then this is deemed credit impaired and included in IFRS9 Stage 3. Due mainly to the high values of property security attached to bridging loans, the bridging sector typically has lower credit risk and lower impairment than other credit sectors.

1.5 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on the cost or valuation of property, plant and equipment in order to write such cost or valuation over the expected useful lives as follows;

Fixtures and Fittings	20% per annum straight line
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.6 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.7 Pensions

The Company offers a defined contribution pension scheme and the pension charge represents the amount payable by the Company for the financial year.

1.8 Leases

Rental costs under operating leases are charged to the income statement on a straight-line basis.

1.9 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

There are no key accounting judgements which the directors have made in the process of applying the Company's accounting policies. The directors consider that the sources of estimation uncertainty which have the most significant effect on the amounts recognised in the financial statements are those inherent in the consumer credit markets in which we operate relating impairment as outlined in 1.4 above.

Measuring impairment in financial instruments is a key source of estimation uncertainty. The Company's impairment provision is dependent on management's forward looking judgements on areas such as interest rates and property prices. The company implemented IFRS 9 from 1 February 2018 by developing models to calculate expected credit losses in a range of economic scenarios. The key areas of judgement include setting modelling assumptions, weighting of economic scenarios, the criteria of determining significant deterioration in credit quality and the application of adjustments to model outputs.

2. SEGMENTAL ANALYSIS

All the Company's assets and liabilities, revenue and profit before tax are attributable to the provision of property bridging finance.

No geographical analysis is presented because all operations are situated in the United Kingdom.

3. COST OF SALES

	2019	2018
	£	£
Loan loss provisioning charge	206,316	162,057
Other cost of sales	452,644	307,284
	<u>658,960</u>	<u>469,341</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2019	2018
	£	£
Directors' emoluments		
Salary	291,000	257,000
Pension	38,537	37,200
	<u>329,537</u>	<u>294,200</u>

The emoluments of the highest paid director are £193,833 for the year (2018: £177,000) and the Company paid pension contributions on his behalf of £25,937 (2018: £25,200). Three of the directors are paid by other S&U plc Group companies and received no remuneration for their services to this company.

	2019	2018
Number of directors who are members of a defined contribution pension scheme	<u>3</u>	<u>3</u>
Average number of persons employed		
Management and administration	<u>6</u>	<u>4</u>
Staff costs during the year (including directors):	£	£
Wages and salaries	465,826	340,143
Social security costs	50,992	45,850
Other pension costs	40,768	37,894
	<u>557,586</u>	<u>423,887</u>

5. OPERATING PROFIT

	2019	2018
	£	£
Operating profit is stated after charging:		
Depreciation and amortisation:		
Owned assets	13,912	8,868
Staff Costs	<u>557,586</u>	<u>423,887</u>
The analysis of auditor's remuneration is as follows;		
Fees payable to the Company's Auditor for the audit of the Company's annual financial statements	14,500	8,000
Total audit fees	14,500	8,000
Audit related assurance services	-	4,000
Taxation compliance services	-	-
Total non audit fees	-	4000
Total	<u>14,500</u>	<u>12,000</u>

Aspen Bridging Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

6. FINANCE COSTS

	2019 £	2018 £
Interest payable	<u>538,880</u>	<u>136,558</u>

7. TAX

	2019 £	2018 £
Corporation tax at 19.0% based on the profit for the year	<u>158,646</u>	<u>(56,000)</u>
	<u>158,646</u>	<u>(56,000)</u>

The actual tax charge for the current and the previous year differs to the standard rate for the reasons set out in the following reconciliation.

	2019 £	2018 £
Profit/(Loss) on ordinary activities before tax	838,200	(298,363)
Tax on profit/(loss) on ordinary activities at standard rate of 19.0%	159,258	(57,166)
<i>Factors affecting charge for the period:</i>		
Expenses not deductible for tax purposes	1,742	1,166
Adjustment in respect of prior period	<u>(2,354)</u>	<u>-</u>
Total tax credit for the year	<u>158,646</u>	<u>(56,000)</u>

The main rate of corporation tax was reduced from 21% to 20% with effect from 1 April 2015 and from 20% to 19% with effect from 1 April 2017, therefore the tax rates applicable to the current period is a rate of 19.0%.

Finance Bill 2016 provides that the tax rate will further reduce to 17% with effect from 1 April 2020. The effect of this proposed tax rate reduction will be reflected in future periods.

Aspen Bridging Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

8. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and Fittings £	Total £
Cost or valuation		
At 1 February 2017	-	-
Additions	44,341	44,341
Disposals	-	-
	<hr/>	<hr/>
As at 31 January 2018	44,341	44,341
	<hr/>	<hr/>
Additions	25,651	25,651
Disposals	(430)	(430)
	<hr/>	<hr/>
As at 31 January 2019	69,562	69,562
	<hr/>	<hr/>
Accumulated depreciation		
At 1 February 2017	-	-
Charge for the year	8,868	8,868
Eliminated on disposals	-	-
	<hr/>	<hr/>
As at 31 January 2018	8,868	8,868
Charge for the year	13,912	13,912
Eliminated on disposals	(86)	(86)
	<hr/>	<hr/>
As at 31 January 2019	22,694	22,694
	<hr/>	<hr/>
Net book value		
At 31 January 2019	46,868	46,868
	<hr/>	<hr/>
At 31 January 2018	35,473	35,473
	<hr/>	<hr/>

Aspen Bridging Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

9. AMOUNTS RECEIVABLE FROM CUSTOMERS

	2019 £	2018 £
Property Bridging credit receivables	18,620,598	11,002,454
Less: Loan loss provision	(368,373)	(162,057)
	<hr/>	<hr/>
Amounts receivable from customers	18,252,225	10,840,397
	<hr/>	<hr/>
Analysed by future date due		
- due within one year	17,877,034	10,840,397
- due in more than one year	375,191	-
	<hr/>	<hr/>
Amounts receivable from customers	18,252,225	10,840,397
	<hr/>	<hr/>
Analysis of security		
Loans secured on property	18,252,225	10,840,397
Other loans	-	-
	<hr/>	<hr/>
Amounts receivable from customers	18,252,225	10,840,397
	<hr/>	<hr/>
Analysis of overdue		
<u>Not impaired</u>		
Neither past due nor impaired	14,402,186	10,840,397
Past due up to 3 months but not impaired	-	-
Past due over 3 months but not impaired	-	-
<u>Impaired</u>		
Past due up to 3 months	2,390,520	--
Past due over 3 months and up to 6 months	167,429	-
Past due over 6 months or default	1,292,090	-
	<hr/>	<hr/>
Amounts receivable from customers	18,252,225	10,840,397
	<hr/>	<hr/>

The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1.4 and under this review the credit quality of assets which are neither past due nor impaired was considered and partial provisions of £130,797 (2018:£nil) made on those loans currently assessed to have more difficult maturity exits with overall credit quality considered to be good. £237,576 relates to stage 3 (2018: £162,057) which is impaired – past due or default. The above analysis of when loans are due is based upon original contract terms which are not rescheduled although a two month extension at the option of the lender is built into the contracts. This option is only utilised when a delayed but firm exit from the bridging loan can be reasonably forecast. The carrying amount of amounts receivable from customers whose terms have been renegotiated that would otherwise be past due or impaired is therefore £nil (2018: £nil).

Aspen Bridging Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

Analysis of loan loss provision and amounts receivable from customers (capital)

	Not Credit Impaired			Credit Impaired	
As at 31 January 2019	Stage 1: Subject to 12 months ECL £	Stage 2: Subject to lifetime ECL £	Stage 3: Subject to lifetime ECL £	Total Provision £	Amounts Receivable £
Property bridging finance	(130,797)	-	(237,576)	(368,373)	18,620,598
Total	(130,797)		(237,576)	(368,373)	18,620,598

	Not Credit Impaired			Credit Impaired	
	Stage1: Subject to 12 months ECL £	Stage 2: Subject to lifetime ECL £	Stage 3: Subject to lifetime ECL £	Total Provision £	Amounts Receivable £
Property bridging finance	-	-	(162,057)	(162,057)	11,002,454
Total	-	-	(162,057)	(162,057)	11,002,454

The above tables are prepared on an IFRS9 basis. In accordance with the transitional provisions of the standard comparatives have not been restated.

Loan loss provisions	Stage 1: Subject to 12 months ECL	Stage 2: Subject to lifetime ECL	Stage 3: Subject to lifetime ECL	Total Provision
At 1 February 18 IAS39				162,057
Impact of IFRS9 adoption				-
At 1 February 18 IFRS9	-	-	162,057	162,057
Net transfers and changes in credit risk	1,906	-	23,256	25,162
New loans originated	128,891	-	52,263	181,154
Total impairment charge to income statement	130,797	-	75,519	206,316
Utilised provision on write-offs	-	-	-	-
At 31 January 2019 IFRS9	130,797	-	237,576	368,373

Aspen Bridging Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 January 2019

10. TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Amounts owed from other group undertakings	-	-
Prepayments and accrued income	59,153	99,312
	<u>59,153</u>	<u>99,312</u>

All the above amounts fall due within one year. The carrying value of trade and other receivables is not materially different to their fair value.

11. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Amounts owed to other group undertakings	17,660,072	11,253,024

The amounts owed to other group undertakings have no fixed maturity date.

12. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Authorised, called up, allotted and fully paid 100 Ordinary shares of £1 each	100	100

13. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FROM OPERATING ACTIVITIES

	2019 £	2018 £
Profit before tax	838,200	(298,363)
Tax received	58,354	-
Depreciation on plant, property and equipment	13,912	8,868
Loss on disposal of plant, property and equipment	344	-
Increase in amounts receivable from customers	(7,411,828)	(10,840,397)
Decrease/(increase) in trade and other receivables	40,159	(99,212)
Increase in accruals and deferred income	79,462	20,421
Net cash inflow from operating activities	<u>(6,381,397)</u>	<u>(11,208,683)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

14. RELATED PARTY TRANSACTIONS

The Company paid no dividends to its parent company S&U Plc during the year. During the current year the Company was recharged by other group undertakings for various administrative expenses incurred on behalf of Aspen Bridging Limited. At 31 January 2019 the Company owed £17,660,072 (2018: £11,200,000) to other group undertakings for receivables funding and £nil for administrative expenses (2018: £53,024).

15. ULTIMATE PARENT COMPANY

The Company's ultimate parent company and controlling party is S&U Plc, a company incorporated in England. This is the largest and smallest group of which the Company is a member and for which consolidated financial statements are drawn up. Copies of the Group financial statements of S&U plc may be obtained from its registered office at 2 Stratford Court, Cranmore Boulevard, Solihull B90 4QT.

16. FINANCIAL COMMITMENTS

Capital commitments

At 31 January 2019 and 31 January 2018 the Company had no capital commitments contracted but not provided for.

17. PENSION SCHEMES

The Company made contributions of £40,768 (2018: £37,894) to defined contribution pension schemes and there are no outstanding contributions at 31 January 2019.

18. FINANCIAL INSTRUMENTS

The Company's principal financial instruments are amounts receivable from customers.

The Company's business objectives rely on maintaining a well spread customer base of carefully controlled quality by applying strong emphasis on good credit management, both through strict lending and valuation criteria at the time of underwriting a new credit facility and continuous monitoring of the proposed exit and collection process. The property bridging debts are secured by the property.

The table on the next page analyses the Company assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date (to contractual maturity).

The average effective interest rate on financial assets of the Company was estimated to be 18% (2018: 17%). The average effective interest rate on financial liabilities of the Company at 31 January 2019 was estimated to be 4% (2018: 4%).

Currency and credit risk

The Company has no material exposure to foreign currency risk. The credit risk inherent in amounts receivable from customers is reviewed under impairment as per note 1.4. It should be noted that the credit risk at the individual customer level is limited by strict adherence to credit control rules which are regularly reviewed. The credit risk is also mitigated by ensuring that the valuation of the security at origination of the loan is rigorously assessed and is within loan to value limits. As confirmation required under IFRS 8, no individual customer contributes more than 10% of the revenue for the Company. Company trade and other

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

receivables and cash are considered to have no material credit risk as all material balances are due from highly rated banking counterparties.

Interest rate risk

The Company is part of the S&U Group whose activities expose it to the financial risks of changes in interest rates and where appropriate the Group uses interest rate derivative contracts to hedge these exposures in bank borrowings in accordance with disclosures made in the S&U Plc financial statements. There is considered to be no material interest rate risk in cash, trade and other receivables and trade and other payables.

18. FINANCIAL INSTRUMENTS (CONTINUED)

Capital risk management

The Company is part of the S&U Group and the Board of Directors of S&U Plc assess the capital needs of the Group on an ongoing basis and approve all capital transactions. The Group's objective in respect of capital risk management is to maintain a conservative group gearing level with respect to market conditions, whilst taking account of business growth opportunities in a capital efficient manner. At 31 January 2019 the group gearing level was 65% (2018: 69%) which the directors consider to have met their objective.

Fair values of financial assets and liabilities

The fair values of amounts receivable from customers, bank loans and overdrafts and other assets and liabilities are considered to be not materially different from their book values. No assets or liabilities are held on the balance sheet at fair value.

Liquidity risk

The Company's liquidity risk is shown in the following tables which measure the cumulative liquidity gap.

	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Non interest bearing	Total
At 31 January 2019	£	£	£	£	£	£
Financial assets	17,877,034	375,191	-	-	-	18,252,225
Other assets	-	-	-	-	106,021	106,021
Total assets	17,877,034	375,191	-	-	106,021	18,358,246
Shareholder's funds	-	-	-	-	(437,291)	(437,291)
Intercompany loans	-	(17,660,072)	-	-	-	(17,660,072)
Other liabilities	-	-	-	-	(260,883)	(260,883)
Total liabilities and shareholder's funds	-	(17,660,072)	-	-	(698,192)	(18,358,246)
Cumulative gap	17,877,034	592,153	592,153	592,153	-	-

Aspen Bridging Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2019

	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Non interest bearing	Total
	£	£	£	£	£	£
At 31 January 2018						
Financial assets	10,840,397	-	-	-	-	10,840,397
Other assets	-	-	-	-	190,785	190,785
Total assets	10,840,397	-	-	-	190,785	11,031,182
Shareholder's funds	-	-	-	-	242,263	242,263
Intercompany loans	-	(11,200,000)	-	-	-	(11,200,000)
Other liabilities	-	-	-	-	(73,445)	(73,455)
Total liabilities and shareholder's funds	-	(11,200,000)	-	-	168,818	(11,031,182)
Cumulative gap	10,840,397	(359,603)	(359,603)	(359,603)	-	-

18. FINANCIAL INSTRUMENTS (CONTINUED)

The gross contractual cash flows payable under financial liabilities are analysed as follows;

	Repayable on Demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
	£	£	£	£	£	£
At 31 January 2019						
Trade and other payables	-	-	-	-	-	-
Accruals and deferred income	-	99,883	-	-	-	99,883
Tax liabilities	-	161,000	-	-	-	161,000
Intercompany loans	-	-	17,660,072	-	-	17,660,072
At 31 January 2019	-	260,883	17,660,072	-	-	17,920,955

	Repayable on Demand	Less than 1 year	More than 1 year but not more than 2 years	More than 2 years but not more than 5 years	More than 5 years	Total
	£	£	£	£	£	£
At 31 January 2018						
Trade and other payables	-	53,024	-	-	-	53,024
Accruals and deferred income	-	20,421	-	-	-	20,421
Intercompany loans	-	-	11,200,000	-	-	11,200,000
At 31 January 2018	-	73,445	11,200,000	-	-	11,273,445