

## **Astute Capital PLC**

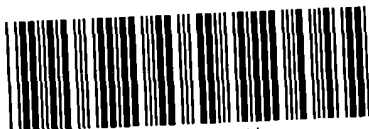
**Report and Financial Statements**

**Period Ended**

**31 March 2018**

**Company Number 10407229**

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**28 SEP 2018**

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# **Astute Capital PLC**

**Report and financial statements  
for the period ended 31 March 2018**

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### **Directors**

Alistair Charles Moncrieff  
Timothy John Smith

### **Secretary**

D&A Secretarial Services Limited

### **Registered office**

17 Grosvenor Street, Mayfair, London, W1K 4QG

### **Company number**

10407229

### **Auditor**

BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD

# **Astute Capital PLC**

**Strategic report  
for the period ended March 2018**

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## **Chairman's message**

**Dear Bondholders and Customers**

Astute Capital Plc is a special purpose vehicle raising finance which is advanced to the Company's collateral manager TAR Asset Management Limited, an alternative finance provider to challenger banks in the secured lending space. Our aim is to provide investors with a higher rate of interest on their savings, with TAR Asset Management Limited simultaneously providing funds to borrowers with debt facilities required to support their business needs.

As a result of our board's diverse experience we have been able to create a business model that is able to see through the lens of both a lender and a borrower.

Our goal is to create one brand that both savers and borrowers can interact with transparently and quickly and remaining loyal to our customers and friends.

We believe our success to date is based on:

1. A differentiated, value added model which allows savers to get what they deserve and (through the Company's collateral manager TAR Asset Management Limited) borrowers a fair and fast service.
2. Our internal team which is both nimble and effective.
3. Our ability to adapt to change as we see the market changes.

The response of the market has exceeded our expectations as it has opened our eyes to how many savers want a better more transparent return on their savings and how many good British businesses cannot get access to cash they deserve.

The best is yet to come!

**Co Founder and Chairman  
Alistair Moncrieff**

## **Business model and risk management framework**

Astute Capital PLC was established to raise funds through a £500M secured limited recourse bond programme, listed on the Irish Stock Exchange. The funds raised by the issuer will be lent to TAR Asset Management Limited under a collateral management agreement under which TAR Asset Management Limited will deal with loan origination, approve and enter into borrower loans on behalf of Astute Capital PLC.

# Astute Capital PLC

## Strategic report for the period ended March 2018

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Borrower loans will broadly fall into two categories: (a) secured loans to individuals and companies for the purpose of commercial property acquisition or development and (b) secured loans to small and medium sized companies for business purposes.

Under the terms of the collateral management agreement, the collateral manager is required to provide a well-respected advisory board made up of individuals who will act as its credit committee. Independent valuations will be made by the collateral manager's panel of valuers who will be experienced in valuing the type of assets being offered as security by borrowers.

NCM Fund Services Limited will act as security trustee for the holders of the bonds under a trust drawn up between the bond trustee and the issuer. NCM Fund Services Limited will also act as security trustee with respect to security provided by the collateral manager to secure its obligations to the issuer under the collateral management agreement.

The collateral manager TAR Asset Management Limited, looks to adopt best practice in corporate governance and risk management. Over the next 12 months it will be looking to increase personnel on the credit committee and build the underwriting team which will allow customers to be serviced more quickly whilst maintaining risk management processes.

The Peer to Peer market (which directly matches lenders with borrowers) has headlined the financial press, pushing savers to get a higher return on their investments and pushing borrowers to get in effect cheaper money with a less stringent due diligence process. Astute Capital PLC is challenging both by allowing the investor to invest in a risk profile they are comfortable with and, through our collateral manager, TAR Asset Management, allowing a borrower to go through strict but fair lending criteria.

The investor and the borrower both enter into a transparent process whereby both know what they are entering in to and which is overlooked by regulated counterparties along with a prospectus that has been approved by the Central Bank of Ireland.

We believe an investor (saver) should pick an investment risk type they are comfortable for which they should receive a fixed return. The investor's money should be lent, via our collateral manager, based on a defined risk profile - an example could be the loan to value on a secured property. Our model therefore allows our collateral manager to create a diverse loan book, ensuring investor funds are not exposed to a single loan as they would be under a Peer to Peer arrangement. This reduces creditor default risk dramatically.

Our collateral manager, TAR Asset Management, will look to advance loans to its borrowers with a risk profile consistent with our risk appetite, with the loan pricing and term dependent on the security provided.

### Strategy

Businesses no longer need to rely on bank finance to obtain credit. The British banking system is driven by algorithms and while we strongly believe in the use of technology, we think it works best when coupled with human interaction.

In recent years, a number of disrupters have revolutionised the way customers are served across many industries, some of the world's biggest companies hold no physical assets other than technology. Uber is the largest taxi company without owning a single vehicle while Air BNB is the largest hotelier without owning any hotels. WhatsApp has displaced telecom companies, Amazon and Apple continue to disrupt industries through ongoing innovation which is echoed in the Financial Services sector. This is confirmed by the rise of internet only banks and the rise in companies investing in new digital companies. However we still believe in common sense and as much as technology speeds up our process we believe we can do both, be human led and with technology interaction. This is why next financial year we will be looking to invest in technology to allow for a greater customer service for both our customers who want to earn a higher interest and (via our collateral manager TAR Asset Management) our borrowers who want to borrow money more quickly. But by allowing us to be customer facing as well allows us to see things from our customers point of view.

# Astute Capital PLC

## Strategic report for the period ended March 2018

### Strategy (continued)

We have partnered with an HMRC approved ISA manager, Reyker Securities, who are a member of the London Stock Exchange in order to allow our investors a tax efficient way of saving to make their money work even harder.

This has opened up a market that is over £600B in size - the UK ISA market. Astute Capital Plc is looking to disrupt this market by offering savers stock & share ISAs that provide a fixed rate of return on their capital.

Over the next 6 months we will be looking to introduce more products in this space allowing investors greater flexibility. Over the last 6 months we have identified certain needs in the market and we are looking to fill these needs with our product offerings. We are currently generating in excess of 100 new enquiries a day from British consumers looking for a better return on their savings and with a new brand due to be launched in 2018 we believe we can significantly increase this number.

Through our collateral manager TAR Asset Management Limited, we will develop our customer service team to make sure we give unrivalled customer service to our potential and existing customers. We have opted to position our service team in Leeds City Centre as opposed to London as we believe there is an exceptional talent pool in the city along with reduced operating costs as compared to London. This will enable us to keep our cost base low, allowing us to be competitive on our lending side.

### Financial review

#### Bond Programme

In March 2018 Astute Capital PLC successfully launched its £500M secured limited recourse bond issuance programme, listed on the Irish Stock Exchange.

As at 31 March 2018, the Company had issued £1,116K of bonds as part of its planned £3,000K 7.5% Series 1 bonds due 30 September 2020, with interest paid semi-annually and the first coupon due on 30 September 2018.

#### Key performance indicators:

		2018 £'000
Initiated Bond programme	(100.00%)	500,000
Bonds issued	(0.22%)	1,116

The financial review reflects the very early stage of the bond programme whereby practically the entire bond issue proceeds were realised in the final month of the financial period. Consequently, the Company did not earn any interest income during the financial period as it did not have the opportunity to start advancing loans to TAR Asset Management Limited, its collateral manager.

### Principal risks and uncertainties

The proceeds raised by Astute Capital PLC through its bond issuance programme will be used by TAR Asset Management Limited, the collateral manager, to lend money to third party borrowers with credit risk inherent in its lending activities. Any decline in credit quality and loan recoverability could have an adverse effect on the collateral manager's financial condition with a negative impact on the financial condition of Astute Capital PLC.

The funding structure is described in greater detail in the business model and risk management framework section on page 1.

# Astute Capital PLC

## Strategic report for the period ended March 2018

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### *Failure to attract, retain or replace senior and skilled personnel*

The collateral manager is required to appoint senior management and skilled employees to act as its credit committee. Whilst the employees are in place at the outset of the Bond issuance programme, the ability of Astute Capital PLC to ensure that it can fulfill its obligations under the Bonds is dependent on the collateral manager's ability to recruit and retain appropriately skilled, competent people to assess the proposed loans to borrowers and to originate new loans. If the collateral manager's ability to originate new loans and assess the credit risk of borrowers and the proposed loans is impeded then it may not be able to sustain its business as anticipated.

### *Possible exposure to fraud*

The collateral manager is exposed to possible fraud by borrowers, their professional advisors as well as by employees. Under the collateral management agreement, the collateral manager is required to provide experienced individuals who will adopt processes and procedures to counter fraud and indemnity insurance against losses arising from fraud.

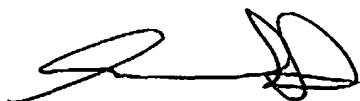
### *Brexit Risk*

The vote to leave the EU on 23 June 2016 caused a degree of economic uncertainty. In January 2017, the government announced its objectives for leaving the EU, stating that it intended to leave the single market. Any resulting decline in economic conditions could negatively impact on the collateral manager's financial condition which in turn could adversely impact the ability of Astute Capital PLC to fulfill its obligations under the Bonds.

We are, however, seeing strong economic growth which has increased demand for lending and investment. With interest rates near historic lows and the British public wanting more control of their future with Brexit and with the current state of the UK State pension system and Company pension schemes defaulting, there has never been a better time for the British public to look at their retirement needs. This has created a huge spike in consumers looking for a better return on their savings coupled with businesses looking for additional funding to fuel growth.

### **Approval**

This Strategic Report was approved by order of the Board on 28 September 2018



Alistair Charles Moncrieff  
Director



Timothy John Smith  
Director

# Astute Capital PLC

## Report of the directors for the period ended 31 March 2018

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Astute Capital PLC was incorporated in England on 3 October 2016 as a private limited Company and converted to a public liability Company on 16<sup>th</sup> March 2017 and is therefore a public limited Company under the Companies Act 2006. The Company's accounting period was changed on 29 March 2018 and extended from 31 October 2017 to 31 March 2018.

The financial statements have been prepared for Company's first accounting period from 3 October 2016 to 31 March 2018.

### Directors

The directors of the Company throughout the financial period were:

Alistair Charles Moncrieff, appointed 3 October 2016  
Timothy John Smith, appointed 3 October 2016

### Financial instruments

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from funds advanced to its collateral manager TAR Asset Management Limited who will originate, approve and enter into borrower loans.

Borrower loans will broadly fall into two categories: (a) secured loans to individuals and companies for the purpose of commercial property acquisition or development and (b) secured loans to small and medium sized companies for business purposes. The collateral manager is subject to certain concentration limits with respect to the proceeds of each tranche of bonds used.

The borrower loans will be secured against mainly real estate assets which produce funds sufficient to service any payments due and payable on amounts advanced to the collateral manager by Astute Capital PLC from issued bond proceeds.

The collateral manager will look to provide funding to borrowers according to lending criteria which will be set by the credit committee from time to time and this will include but not limited to maximum LTV of 90% UK assets and a clear exit strategy in place.

Under the terms of the collateral management agreement, the collateral manager is required to provide a well-respected advisory board made up of individuals who will act as its credit committee. Independent valuations will be made by the collateral manager's panel of valuers who will be experienced in valuing the type of assets being offered as security by borrowers.

NCM Fund Services Limited will act as security trustee for the holders of the bonds under a trust drawn up between the bond trustee and the issuer. NCM Fund Services Limited will also act as security trustee with respect to security provided by the collateral manager to secure its obligations to the issuer under the collateral management agreement.

#### *Liquidity risk*

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives rolling 12-month cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial period, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The Company also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its borrowings.

# Astute Capital PLC

## Report of the directors for the period ended March 2018

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### *Liquidity risk (continued)*

Under the collateral management agreement with TAR Asset Management, the Company will advance funds at a fixed interest rate of 9.0% as compared with its current fixed rate of 7.5% in respect of issued bonds.

### *Cash flow interest rate risk*

The Company limits its exposure to cash flow interest rate risk through raising all borrowings at a fixed rate. The Company's borrowings are denominated in GBP.

### *Market risk*

Market risk arises from the Company's use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

### *Post balance sheet events*

Material post balance sheet events are disclosed in note 14 of the financial statements.

### *Likely future developments in the business of the Company*

Information on likely future developments in the business of the Company has been included in the Strategic Report.

### *Existence of branches of the Company outside of the United Kingdom*

The Company has no branches outside of the United Kingdom.

### *Going Concern*

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to certain risks are described in the Strategic Report on page 3. The Company has adequate financial resources underpinned by a successfully established bond funding programme. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries and preparing 3 year cashflow forecasts in respect of the company's future activities, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, including meeting its future repayment obligations in respect of bonds issued to the 31 March 2018, which fall due for repayment in September 2020 with no early redemption rights available to bondholders. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

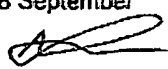
### *Auditor*

All of the directors as at the date of this report have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the Company's auditor is unaware.

### *Approval*

This Directors' Report was approved by order of the Board on 28 September

  
Alistair Charles Moncrieff  
Director

  
Timothy John Smith  
Director

## **Astute Capital PLC**

### **Directors responsibilities for the period ended 31 March 2018**

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#### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and Company and of the profit or loss of the group 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

# Astute Capital PLC

## Independent auditor's report to the members of Astute Capital Plc

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### Opinion

We have audited the financial statements of Astute Capital plc (the 'company') for the period ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard in the United Kingdom and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2018 and of the loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 listed 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.

We have determined that there are no key audit matters to communicate in our report.

# **Astute Capital PLC**

## **Independent auditor's report to the members of Astute Capital Plc**

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### **Our application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the financial statements as a whole was set at £13,500. This was determined with reference to a benchmark of 1.2% of total assets, which we consider to be the principal consideration in assessing the financial performance of the company. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we set a lower materiality level, performance materiality. Performance materiality was set at £8,775.

We agreed with the Board that we would report to them all individual audit differences in excess of £405. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

### **An overview of the scope of our audit**

We carried out a full scope audit. This is the first period of financial statements for the company and the company issued the first series of the bond programme shortly before the period end in March 2018. As a result there were not a significant number of transactions in the period ended 31 March 2018 and the audit was substantive in nature.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements 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.

### **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.

### **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.

## **Astute Capital PLC**

### **Independent auditor's report to the members of Astute Capital Plc**

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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 6, 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 parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters which we are required to address**

Following the recommendation of the Board, we were appointed by the Board on 4 April 2017 to audit the financial statements for the period ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is one year, covering the period ended 31 March 2018.

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.

Our audit opinion is consistent with the additional report to the Board.

## Astute Capital PLC

### Independent auditor's report to the members of Astute Capital Plc

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#### 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Martin Gill (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Edinburgh, UK

Date: 28 SEPTEMBER 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## **Astute Capital PLC**

### **Statement of Comprehensive Income for the period ended 31 March 2018**

	<b>Note</b>	<b>2018 £'000</b>
Administrative expenses		(127)
Operating loss	3	(127)
Interest payable and similar expenses	5	(3)
Loss on ordinary activities before taxation		(130)
Taxation on loss	6	-
Loss for the period		(130)
Total comprehensive loss for period		(130)
Loss for the period attributable to:		
Owners of the Company		(130)
Total comprehensive loss attributable to:		
Owners of the Company		(130)

The notes on pages 16 to 23 form part of these financial statements

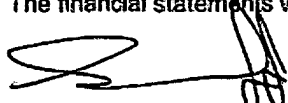
# Astute Capital PLC

## Statement of Financial Position at 31 March 2018

Company number 10407229	Note	2018 £'000	2018 £'000
<b>Current assets</b>			
Debtors	7	1,139	
		<hr/>	
Creditors: amounts falling due within one year	8	(118)	
		<hr/>	
<b>Net current assets</b>			1,021
			<hr/>
<b>Total assets less current liabilities</b>			1,021
			<hr/>
Creditors: amounts falling due after more than one year	9		(1,101)
			<hr/>
<b>Net liabilities</b>			(80)
			<hr/>
<b>Capital and reserves</b>			
Called up share capital	11		50
Profit and loss account			(130)
			<hr/>
<b>Equity attributable to owners of the Company</b>			(80)
			<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on

16<sup>th</sup> September 2018

  
Alistair Charles Moncrieff  
Director

  
Timothy John Smith  
Director

The notes on pages 16 to 23 form part of these financial statements.

**Astute Capital PLC**  
**Statement of changes in equity**  
**For the period ended 31 March 2018**

	Share capital	Profit and loss account	Total equity
	£'000	£'000	£'000
Loss for the period	-	(130)	(130)
Total comprehensive loss for the period	-	(130)	(130)
Transactions with owners			
Issue of shares	50	-	50
Total transactions with owners	50	-	50
31 March 2018	50	(130)	(80)

The notes on pages 16 to 23 form part of these financial statements.

## Astute Capital PLC

### Statement of cash flows for the period ended 31 March 2018

	2018 £'000
Cash flows from operating activities	
Loss for the financial year	(130)
Adjustments for:	
(Increase) in debtors	(19)
Increase in creditors	119
Interest payable and similar expenses	3
	<hr/> (27)
Bond proceeds	1,097
<i>Net cash generated from operating activities</i>	<hr/> 1,070 <hr/>
Cash flows from financing activities	
Issue of shares	12
<i>Net cash from financing activities</i>	<hr/> 12 <hr/>
Cash and cash equivalents at end of the period	<hr/> 1,082 <hr/>
Cash and cash equivalents comprise:	
Cash	
Cash equivalents	
Amounts owed by related parties	1,082
	<hr/> 1,082 <hr/>

The notes on page 16 to 23 form part of these financial statements.

# Astute Capital PLC

## Notes forming part of the financial statements for the period ended 31 March 2018

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### 1 Accounting policies

Astute Capital PLC is a public Company limited by shares and incorporated in the United Kingdom. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The functional and presentational currency in the Company is GBP.

The financial statements have been rounded to the nearest thousand.

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

#### *Financial assets*

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Finance costs*

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *Interest income*

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Astute Capital PLC

## Notes forming part of the financial statements for the period ended 31 March 2018

### *Current and deferred taxation (continued)*

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### *Cash equivalents*

During the first few months of trading, Astute Capital PLC established a short-term intercompany facility with Brunswick Court Limited to conduct its banking transactions.

### *Reserves*

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents the cumulative profits or losses, net of dividends paid and other adjustments.

### *Basis of preparation*

The financial statements have been prepared on a going concern basis.

During the financial period ended 31 March 2018 the Company recorded a loss for the period of £130K. The financial period is the first for the Company and the loss for the period is consistent with the directors' expectations for a newly commenced business.

The directors are confident that the Company will be successful going forward as it develops the scale of its activities. After making enquiries and preparing 3 year cashflow forecasts in respect of the company's future activities, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, including meeting its future repayment obligations in respect of bonds issued to the 31 March 2018. Accordingly, the directors have prepared the financial statements on a going concern basis.

## **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period.

Although these estimates are based on management's best assessment of the outcome, actual results may ultimately differ from those estimates. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

# Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

### Deferred tax

The largest element of the potential deferred tax asset represents the future tax impact of carried-forward tax losses which will reduce the payment of future tax. This element of the potential deferred tax asset requires management judgement in assessing its recoverability.

Accounting standards permit the recognition of a deferred tax asset to the extent that it is probable, more likely than not, that future taxable profits will be available to utilise the tax losses carried forward. The Company has not recognised a deferred tax asset in the financial statements on tax losses generated due to the uncertainty over the timing of future taxable profits.

## 3 Operating loss

	2018 £'000
This is arrived at after charging:	
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	18
Fees payable to the Company's auditor and its associates for other services to the Company	5
	<hr/>

## 4 Employees and Directors

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

	2018 Number
Directors	2
	<hr/>

The Directors did not receive any remuneration or benefits for the accounting period.

Under the terms of the Directors service contracts, the Directors agreed to a waiver of payment in respect of remuneration for services rendered to the Company through to 31 July 2018.

## 5 Interest payable and similar charges

	2018 £'000
Bonds Issued	3
	<hr/>
	3
	<hr/>

# Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

## 6 Taxation on loss on ordinary activities

	2018 £'000	2018 £'000
<i>UK corporation tax</i>		
Current tax on losses for the year		-
Total current tax		-
<i>Deferred tax</i>		
In respect of losses carried forward	-	-
	-	-
Taxation on losses		-

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2018 £000
Loss before tax	(130)
Loss on ordinary activities multiplied by the rate of corporation tax applicable in the UK (19%)	25
Deferred tax asset not recognised	(25)
Taxation on loss	-

The company's tax rate is higher than the UK standard rate of corporation tax because of the non-recognition of a deferred tax asset in respect of tax losses carried forward. There is no indication that this is likely to change in the near future.

Deferred tax of £25K is not provided on tax losses carried forward. This is not recognised due to the uncertainty over the timing of future taxable profits.

## Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

### 7 Debtors

	2018 £'000
Amounts owed by related parties	1,082
Other debtors	19
Unpaid share capital	38
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	1,139
	<hr/>

All amounts shown under debtors fall due for payment within one year.

Amounts owed by related parties represent a debtor due from Brunswick Court Limited, a Company wholly owned by a Timothy Smith, a director of Astute Capital PLC.  
The debtor balance was fully settled after the year end.

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

	2018 £'000
Amounts owed to related parties	
Other creditors	12
Accruals	56
	50
	<hr/>
	118
	<hr/>

Amounts owed to related parties are in respect of a creditor with TAR Asset Management, which was established in order to act as collateral manager on behalf of Astute Capital PLC.

### 9 Creditors: amounts falling due after more than one year

	2018 £'000
Issued bonds	1,101
	<hr/>
	1,101
	<hr/>

# Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

## 9 Creditors: amounts falling due after more than one year (continued)

The maturity of sources of debt finance are as follows:

	Issued bonds	Total
	2018 £'000	2018 £'000
In one year or less, or on demand	-	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	1,101	1,101
	<u>1,101</u>	<u>1,101</u>

During the year, the Company entered into a £500M secured limited recourse bond programme, listed on the Irish Stock Exchange. Under the bond programme, the Company issued £1,116K of Series 1 bonds as at 31 March 2018 with a fixed annual interest rate of 7.5% paid semi-annually, with the first coupon due on 30 September 2018. The bonds mature in September 2020.

Issued bonds are stated at the issue cost of £1,116K less costs directly attributable to the bond issue amounting to £15K.

## 10 Financial instruments

The Company's financial instruments may be analysed as follows:

	2018 £'000
<b>Financial assets</b>	<u>1,139</u>
Financial assets measured at amortised cost	
<b>Financial liabilities</b>	<u>1,204</u>
Financial liabilities measured at amortised cost	

Financial assets measured at amortised cost comprise amounts owed by related parties, other debtors and unpaid share capital

Financial liabilities measured at amortised cost comprise amounts owed to related parties, other creditors, accruals and issued bonds.

Information regarding the company's exposure to and management of credit risk, liquidity risk, market risk and cash flow interest rate risk is included in the Directors' report.

# Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

## 11 Share capital

	2018 £'000
<i>Allotted, called up and partly paid</i>	
50,000 ordinary shares of £1 each	50

The shares have been paid up to the amount of £12.5K.

	Ordinary shares of £1 each	
	Number	£'000
New shares issued	50,000	50
In issue at 31 March 2018	50,000	50

## 12 Contingent liabilities

There were no contingent liabilities of the Company at the year end.

Following the year end, Astute PLC registered a fixed charge with NCM Fund Services Limited as disclosed in note 14 "Post balance sheet events".

## 13 Related party disclosures

### TAR Asset Management

Astute Capital PLC was established to raise funds through a £500M secured limited recourse bond programme, listed on the Irish Stock Exchange. The funds raised by the issuer will be lent to TAR Asset Management Limited under a collateral management agreement under which TAR Asset Management Limited will deal with loan origination, approve and enter into borrower loans on behalf of Astute Capital PLC.

TAR Asset Management was established in order to act as collateral manager on behalf of Astute Capital PLC and is incorporated in the United Kingdom with its registered office at 17 Grosvenor Street London W1K 4QG. The management of TAR Asset Management initially included both directors of Astute Capital PLC until their resignation in July 2017. The directors of Astute Capital PLC were also shareholders of TAR Asset Management until March 2017. The directors of Astute Capital PLC continue to exercise significant control over TAR Asset Management through their close cooperation with the director of that company and the nature of the collateral agreement.

The principal terms of the collateral management agreement will be for the collateral manager to be paid £1K per Committee meeting, and to be paid a fee of 0.25% of the value of the Borrower Loan on successful drawdown of a Borrower Loan and a fee of 1.00% on the redemption of a Borrower Loan.

In addition, TAR asset management will assume the obligations of the Company in respect of office costs, staff employment and introducer payments and commissions for funds raised.

## Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

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### 13 Related party disclosures (continued)

#### *TAR Asset Management*

TAR asset management will pay a fixed rate of interest of 9.0% to Astute Capital PLC in respect of funds provided for the purpose of entering into borrower loans on behalf of the Company compared with a current fixed rate of interest on issued bonds of 7.5%.

At the 31.3.18, TAR Asset Management Limited had a creditor balance with Astute Capital PLC of £12K.

#### *Brunswick Court Limited (previously Astute Investment Management Limited)*

Brunswick Court Limited is a limited liability Company established in the United Kingdom with its registered office at 17 Grosvenor Street London W1K 4QG. The Company is owned by a director of Astute Capital PLC and was established as a special purpose vehicle to carry on select property development projects. During the first few months of trading, Astute Capital PLC established a short-term related party facility with Brunswick Court Limited to conduct its banking transactions.

At the 31 March 2018, Brunswick Court Limited had a debtor balance with Astute Capital PLC amounting to £1,082K.

### 14 Post balance sheet events

In respect of the £500M secured limited recourse bond programme under which Astute Capital PLC will issue bonds and TAR Asset Management Limited will enter into borrower loans under a collateral management agreement, NCM Fund Services Limited will act as security trustee for the holders of the bonds under a trust drawn up between the bond trustee and the issuer. NCM Fund Services Limited will also act as security trustee with respect to security provided by the collateral manager to secure its obligations to the issuer under the collateral management agreement.

On 10 April 2018, Astute Capital PLC registered a fixed charge with NCM Fund Services Limited who will act as (i) Trustee; (ii) Collateral Manager Security Trustee; and (iii) Borrower Security Trustee as referred to above.

Since the year end, Astute Capital PLC has issued a further £6.9M of bonds under its bond programme including £1.9M of bonds completing its £3M 7.5% Series 1 bonds due 30 September 2020, £2M of bonds under its £3M 7.5% Series 2 bonds due 30 September 2021 and £2.9M of bonds under its £3M Series 3 bonds due 25 September 2021.

Since the year end, Astute Capital PLC has advanced a total of £3.4M to its collateral manager TAR Asset Management Limited for the purposes of providing loans to borrowers.