Registered number: 10407229

ASTUTE CAPITAL PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

ASTUTE CAPITAL PLC

COMPANY INFORMATION

Directors	Adrian David Symondson Adrian Francis Bloomfield
Company secretary	D&A Secretarial Services Limited
Registered number	10407229
Registered office	12 David Mews Marylebone, London W1U 6EG
Independent auditors	MHA MacIntyre Hudson Chartered Accountants 2 London Wall Place London EC2Y 5AU

ASTUTE CAPITAL PLC

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Introduction

Astute Capital Plc (PLC) is principally engaged in raising capital which is advanced to the Company's collateral manager Astute Capital Advisors Ltd (ACA), an asset backed finance provider predominantly focused on UK property finance. Our aim is to provide investors with a competitive rate of interest on their savings through lending to UK companies using a proven, hands-on and well-structured lending strategy.

All loans tend to have an average duration of 18 - 24 months, although COVID 19 has extended this, the vast majority are for the acquisition and/or development of UK property and land that has confirmed added value opportunity. Our management team with over 40 years' experience along with a robust underwriting process and the use of RICS valuations ensures our loans meet the criteria of Astute Capital and its programme memorandum.

Business model and risk management framework

Astute Capital PLC was established to raise funds through a £500M secured limited recourse bond programme, listed on Euronext Dublin, formerly the Irish Stock Exchange and since September 2020 on both the Vienna and Frankfurt Stock Exchanges. The funds raised by the issuer will be lent to ACA under a Collateral Management Agreement (CMA) under which ACA will deal with loan origination, approve and enter into borrower loans on behalf of Astute Capital PLC. The CMA sets its rate to ensure the PLC will receive a greater amount of interest from ACA, than that is owed to its bondholders and to cover its standard operational costs, as this is the core feature of the Company's business model, in order for it to make a profit in accordance with its purpose as a listed bond issuing vehicle.

Borrower loans will broadly fall into two categories: (a) secured loans to companies for the purpose of commercial property acquisition or development and (b) secured loans to small to medium sized companies for business purposes with the former constituting the majority of loans by both size and percentage of capital deployed.

Under the terms of the CMA, 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 carried out on all assets and loans by the collateral manager's panel of chartered surveyors, who will be experienced in valuing the type of assets being offered as security by borrowers.

NCM Fund Services Limited (NCM) will act as security trustee for the bondholders under a security trust document drawn up between the bond trustee and the issuer. NCM will also act as security trustee with respect to security provided by the collateral manager to secure its obligations to the issuer under the CMA.

As part of its 2020 strategy, Astute Capital Plc has continued to demonstrate a high level of compliance as well as willingness and ability to adapt to changes in the sector. Ongoing regulatory change continue to affect key counterparties to enable issuers of bonds to operate. Astute Capital Plc completed further regulatory reviews throughout the year ending March 2021 and after as well as passing a risk assessment by Euroclear UK & Ireland global Financial Market Infrastructure provider.

Astute Capital Plc recognised an opportunity to offer a listed bond to investors as an alternative to the minibonds and peer-to-peer products being offered. Although this has proved to be a well-executed strategy that yields excellent results, the FCA's recent changes which categorise listed bonds in the same way as mini-bonds means that listed bonds can no longer be promoted to restricted retail clients.

Astute Capital Plc moved away from promoting to restricted retail investors to focus more on High Net Worth and Sophisticated investors in March 2020 and despite the increase in cost, we are pleased to have completed this transition early on. The average investment size and net worth for our investors has increased considerably which will allow us to realise more value from each lead over a longer period of time, thus offsetting a large portion of the increased cost per client.

In the early stages of the global pandemic we experienced disruption to fund raising as investors understandably delayed their investment decisions. However, in 2021 we experienced a large increase in investment from self-certified investors as well as new investment from funds and overseas investors. We are confident that the demand for our listed bonds will continue to grow as we remain resilient to the regulatory changes and global pandemic, which has been by far the biggest challenge for the business.

Financial review

Bond Programme:

In March 2018 Astute Capital PLC successfully launched its £500M secured limited recourse bond issuance programme, listed on the main market of Euronext Dublin. In September 2020 Astute Capital Plc listed its £500m bond programme on the Vienna and Frankfurt Stock Exchanges.

As at 31 March 2021, the Company had issued £25,034k (2020 - £20,199k) of bonds across twenty four Series', with interest being paid either bi-annually or upon the maturity of the bond after 1, 2, 3, or 5 years depending on the Bond terms. The maturity timeline of the Bonds issued is as follows, with £14,019k maturing in the 2021/22 financial year and £7,281k maturing over the course of the 2022 to 2026 financial years. £3,663 was repaid in the 2020/21 financial year.

Key performance indicators:

	2021	2021	2020	2020
	%	£'000	%	£'000
Initiated Bond programme	(100.00%)	100,000	(100.00%)	100,000
Bonds issued	(25.03%)	25,034	(20.20%)	20,199

The Company's KPI for money raised is based on £100m and not the full programme as this is a key milestone, indicating a point at which the Company will have obtained a greater track record and ability to attract more institutional investment. In the year ending 31 March 2021, the PLC has continued to operate and take new money despite the impact of the global pandemic and the FCAs new restrictions on the promotion of listed bonds. Since the collapse of LCF (London Capital & Finance) in early 2019, the bond market has been under intense scrutiny and review by the FCA. We have seen most of our competition close down as a result of FCA enquiries or due to their inability to adapt to changes and disruption in the bond sector. Naturally the PLC were aiming to raise larger amounts of capital in the year ending March 2021 and therefore we had committed to costs in order to achieve this, however, with multiple disruptions such as the FCAs overall review, changes in the sector and COVID-19, we were unable to achieve the capital raising targets but still incurred costs within the collateral manager. However, we were pleased to see our commitments start to pay off in the final quarter of the year ending March 2021 and continue to enjoy strong demand. From a forward looking perspective, the PLC is now in a strong position to continue raising money in a less competitive market place, allowing further advances to ACA to lend to third party borrowers and benefit from economies of scale.

Loan Book

The net book value owed to PLC by ACA at 31 March 2021 is £12,001k and PLC closely monitors ACA's use of the funds along with the performance of ACA's loan book, it's forecasted redemptions and future pipeline loans. As a result, PLC is confident the Collateral Manager has sufficient pipeline and performance to ensure they utilise the funds for multiple loans and has sufficient funds to repay PLC on time in order to repay its bondholders, as well as fully service the interest due for both income and growth bond series. There has been disruption to the number of new loans completed during this period due the global pandemic but we have demonstrated resilience in a challenging market and have forecasts for the next 5 years which show steady growth to our loan book.

The PLC has collateral in place pledged to the bondholders by the company via a floating charge the PLC has over the collateral manager. The terms and conditions are ultimately limited to those as set out in the loan agreements between the collateral manager and its underlying borrowers. The collateral is further reinforced in the event of the company being in default to its bond holders by way of an appointed security trustee that has rights over the collateral in the event of a default with the sole purpose of using the collateral to repay bondholders in such an event. NCM fund services is the appointed security trustee and has a £500m charge over the company.

The PLC generated interest income of £2,224k (2020 - £2,314k) during the financial period on advancing loans to ACA. Interest payments are managed on an on-going basis between PLC and ACA and interest due to PLC is paid as and when required by PLC.

Amounts owed from related parties
The amounts owed from ACA relating to costs incurred by the PLC on behalf of the related parties which are ultimately due to be repaid from profits only, rather than being repaid to meet loan redemptions total £2,993. Since April 20 all funds generated have been passed to ACA and collateral interest has been accrued on the full balance as per the collateral agreement. Therefore the costs of ACA, the collateral manager are now included in loans to the collateral manager, and interest on those loans included in collateral interest. The PLC has no intentions to start recalling these loans within the 2021/22 financial year.

Principal risks and uncertainties

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

The company considers the loans to related parties of low credit risk due to the close relationship between the companies which provides full transparency and control. The repayments of the loans from ACA to the PLC are dependent on the Bond Series redemptions the PLC has to satisfy, with funds being due from ACA to satisfy those redemptions one month before the redemption date of the respective series.

The principal risk management exercise is lo ensure that the credit quality of asset loans remains above market standards whilst ensuring our security and legal structure of each asset loan provides maximum protection.

All ACA underlying borrowers met the criteria required under the terms of the CMA. As at 31 March 2021 the Value of collateral of loans to developers from ACA, being valuation of secured assets of the borrowers was £63,357,545 (2020 - £95,631,545). The value of other debt owed by the borrowers to third parties was £37,527,825 (2020 - 52,575,193). Net collateral pledged to the Collateral Manager and ultimately the security trustee was £25,829,720 (2002 - £43,056,352). The value of loans made by the Collateral Manager was £13,263,460 (2020 - £11,994,202). Headroom between collateral pledged to the Collateral Manager and value of loans made by the Collateral Manager was £12,566,259 (2020 - £31,062,150). Our collateral manager ensures rigorous due diligence is carried out on each loan, and close oversight of the asset is maintained throughout each stage of the Joan journey, right up to redemption of the facility. An independent professional team of RICS qualified valuers and monitoring agents also provides further detailed oversight of the loan facility. It is this stringent process and attention to detail that we continue and strive to maintain.

It is acknowledged that the property market is cyclical, and the board continues to regularly reassess its view on the risks presented by the market and overall stage of the property cycle.

The financial position of ACA is closely monitored by the PLC. The average forecasted returns for ACA on its loan book is circa 30% per annum from commercial property related loans. On secured loans to SME sized companies the rate has fallen below this due to the global pandemic and the loans average circa 17% per annum. Going forward we will continue to focus more on commercial property related loans which produce higher returns The interest rates charged by ACA and the profit shares are sufficient to cover the interest charged to it by PLC. ACA had £10m of loans advanced to borrowers at the end of the 2020/21 financial year.

ACA manages it's cashflow stringently and has prepared cashflow forecasts for all redemptions of loans from third parties alongside obligations to repay the PLC for Series redemptions to ensure it can meet it's obligations to the PLC. Contingency plans are in place in the case of third party borrower default impacting cash flow.

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

Possible exposure to fraud

The collateral manager is exposed to possible fraud by borrowers, their professional advisers, as well as by employees. Under the CMA, the collateral manager is required to provide experienced individuals who will adopt processes and procedures to counter fraud

Operational Risks - Lending

The use of institutional grade solicitors mitigates against the risk of fraud within operational risks. Therefore, the main risks relate to internal underwriting of loans and instructions to solicitors. There is a formal credit committee process which includes the officers of both ACA and PLC to sign off in writing fully packaged and presented loans.

Operational Risks - Bond Sales

Non-compliance with the FCAs Financial Services and Markets Act 2000 would seriously restrict the Company's ability to access new capital. The use of institutional grade, third party compliance consultants and a corporate policy designed around embracing all aspects of compliance mitigates against this risk.

Liquidity Risks

A significant drop or complete stop of new bond sales to retail clients poses a potential threat to liquidity, however, the Company's cashflows are modelled on a worst-case scenario and take this into account. Due to the potential reasons which would result in a stop to new bond sales to retail clients (for example, potential changes in FSMA 2000 section 21 regulation which regulates financial promotions in the UK, stipulates a Company offering a financial promotion must have the approval of an FCA authorised Company or be directly authorised themselves could affect the way the Company deals with and promotes to new retail clients. Without Section 21, the PLC would continue to make new sales to those exempt under the Financial Promotions Exemption Order 2001 (as amended)), it is considered these reasons would not affect new bond sales to High Net Worth (HNW), Sophisticated and Institutional clients and therefore these forecasts remain in the Company's modelling. A market downturn could affect asset values and in turn reduce the amount recoverable under the loan agreements, potentially affecting liquidity. Our collateral manager ensures the security of loans ranks ahead of the borrowers along with taking personal guarantees to mitigate against a reduction in asset values. Our customer services team provides excellent customer service and we closely manage our public reputation along with ensuring we continue to offer competitive rates to mitigate against a drop in retained clients that would otherwise reinvest with PLC.

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 the PLC to fulfil its obligations under the Bonds after Brexit.

We are, however, seeing strong demand for lending and investment. With interest rates at 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.

COVID-19

The unprecedented global impact of COVID-19 has been felt by almost all industries with a large amount of businesses worldwide being forced to close and a spike in job losses. The long-term impact is unknown at this point, however, below is an overview of what we at Astute Capital have experienced and are seeing across our loan book. All of ACA's developer borrowers remained operational during this time and although they have had to adhere to social distancing guidelines with labour on site being reduced in some cases, minimal delays were actually experienced. Geographically, there have been some procurement delays with materials being difficult to source, but this was only at the beginning of lockdown until the end of April 2020.

The biggest impact that we have seen so far is the timing of our redemptions due to mortgage lenders withdrawing products temporarily whilst surveyors could not attend to inspect and value properties due to social distancing guidelines. Surveyors have now re-opened and the market appears to have caught up. Currently we have seen no declines in values completed post lockdown to pre COVID-19 values suggesting little impact on values at this time.

An increase in investor appetite due to an increase in contact rate with new investors and uncertainty in the stock market has seen demand for Astute bonds remain strong throughout lockdown despite over two thirds of the Astute sales team being furloughed.

UK property market

The last financial period has seen some of the biggest events arising such as Brexit and COVID-19 which will as mentioned previously These events have understandably created a level of uncertainty within the UK property market. ACA's loans are mainly within the residential housing sector, focusing on houses that appealto the largest market and fit within the governments help to buy pricing brackets.

Fundamentally, demand outweighs supply and government figures quoting an annual need of 300,000 additional homes with the actual figures being expected to be below 50% of this level for the next period. The government is keen for the housing market to gain momentum and has reduced stamp duty to zero where the home is primary residence and below £500,000, with the vast majority of ACA projects falling within these criteria. The RIGS market report has buyer demand, with a headline net balance of +61% of survey participants seeing a rise in enquiries over June 2020. The strategy we adopt of providing funding for affordable housing will mean that this is appealing for main residence purchasers but also the buy to let market for investors.

Likely future developments in the business of the Company

The Company will continue to raise money through its listed bond programme and continue working toward reducing its cost of capital whilst remaining competitive in the market. It will also explore other avenues of raising capital via HNW investors and institutional clients for both its listed bonds and other commercially viable structures which is also part of the Company's ambitions to reduce its exposure to retail money. The Company and/or its Collateral Manager has considered FCA regulation despite this not being a requirement of the company's business model or activities, and it has been decided FCA regulation does not offer enough benefits to justify the additional costs and time required at this time. We recognise the advantages of being FCA regulated in both the lending and capital raising departments as well as the potential to expand its products and services once regulated to introduce new income streams for the business and will continue to review potential FCA regulation in the future.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Section 172 (1) statement

Section 172 of the Companies Act 2006 requires Directors of an entity to act in the way they consider, in good faith, would be most likely to promote the success of the entity for the benefit of its members as a whole. As part of their deliberations and decision making processes, the Directors take into account the following:
(i) likely consequences of any decisions in the long term;
(ii) the interests of the Company's employees;
(iii) the need to foster the Company's business relationships with suppliers, customers and others;
(iv) the impact of the Company's operations on the community and the environment; and
(v) the desirability of the entity maintaining a reputation for high standards of business conduct

The Directors recognise that building strong relationships with stakeholders will help deliver Astute Capital Plc's strategy in line with its long-term values and is committed to effective engagement with the Company's stakeholders.

Accordingly, the Directors require management to ensure that all stakeholder interests are considered in the Company's day to day management and operations and seek to understand the relative interests and priorities of the various stakeholders and to have regard to these in their decision making. The Directors acknowledge, however, that not every decision will necessarily result in a positive outcome for all stakeholders.

As a result of these activities, the Directors believe that they have demonstrated compliance with their legal duty under s.172 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Adrian David Symondson
Director

Date: 30th July 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Astute Capital Plc was incorporated in, England on 3 October 2016 as a Private Limited Company and converted to a Public Limited Company on 16th March 2017 and is therefore a Public Limited Company under the Companies Act 2006.

The financial statements have been prepared for the accounting period 1 April 2020 to 31 March 2021.

Directors

The Directors of the Company throughout the financial period were:

Richard Anthony Symonds, appointed 27 November 2018, resigned 1 June 2021
Adrian Francis Bloomfield, appointed 15 January 2019

Corporate Governance

The directors have been charged with governance in accordance with the company's listed limited recourse bond programme (the "programme"), documents describing the structure and operation of the programme. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the programme documents.

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

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

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 ACA who will originate, approve and enter into borrower loans.

Borrower loans will broadly fall into two categories: (a) secured loans to companies for the purpose of commercial property acquisition or refinance 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 CMA, 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 will act as security trustee for the holders of the bonds under a trust drawn up between the bond trustee and the issuer. NCM will also act as security trustee with respect to security provided by the collateral manager to secure its obligations to the issuer under the CMA.

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 borrowing s.

Under the CMA with ACA the Company will advance funds at a fixed interest rate of 11.16% (2020 - 12%).

Cash flow interest rate risk

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

Market risk

Market risk cash flow arises from the Company's use of interest bearing financial instruments. The Company is exposed to fair value interest rate risk from long term borrowings at fixed rate. It is considered that fair value will fluctuate in accordance with interest rates and unless the Company is able to remain competitive, an increase in interest rates would ultimately see investor's appetite decline should they be able to receive a higher interest rate from either government or institutional grade listed bonds or direct from a savings account. The Company considers this risk to be low based on the fact that the Bank of England base rate is currently 0.1% compared with the Company's average weighted rate of 7.5% and there would need to be a significant increase in the base rate to drive a change in investor appetite towards the Company's debt instruments and its rates. The Company also looks to mitigate against its dependency on listed debt instruments via private equity, syndicate, and institutional funding along with obtaining a rating from a reputable rating agency.

Post balance sheet events

In May 2021 the FCA posted a notice on their website stating Astute Capital Plc is providing a financial product without authorisation. The FCA publication caused severe delays to new bond sales and damage to the company's reputation amongst stakeholders and the wider investment community. The FCA requested information from Astute which the company responded to in full and the FCA confirmed in writing that the case is closed without the need for any action on the 17th June 2021. The FCA declined the company's request for the publication to be removed stating that it was not a warning but simply a factual statement that Astute Capital Plc provide a financial product and are not regulated. The FCA also confirmed that the publication did not suggest in any way that Astute was in breach of any regulation. The company will continue its efforts to have the publication removed and with the confirmation of case closure are able to commence new bond sales and repairing its reputation.

A new bond series was issued in July 2021. A total of £1,734k (2020 - £941k) of bonds have been sold since the year end and has been advanced to the ACA under the terms of the CMA, since the year end.

No other information has been identified since the statement of financial position date about conditions existing at the statement of financial position date which is required to be disclosed in these financial statements.

As of 1st June 2021 Richard Symonds resigned as Director of Astute Capital PLC but will remain as Head of Investment and Structuring. Adrian David Symondson was appointed as Director of Astute Capital PLC on 1st June 2021 and is also Director of the collateral manager, Astute Capital Advisors Ltd.

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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.

Going Concern

The Company's business activities, together with and the factors exposures 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. The Company has adequate financial resources underpinned by a successfully established bond funding programme and alternative debt issuances. Consequently, the Directors believe that the Company is well placed to manage business risks successfully.

COVID19 and regulatory changes have caused severe delays to the company's previously forecasted targets for the year ending March 2021. Although this has impinged the company's ability to fund a large portion of loans it would have otherwise funded as well as raise the levels of capital required, the company has successfully traded through this period of disruption. The company has prepared 5-year cashflow forecasts in respect of the Company's future activities and on the basis of no further disruption 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 2021, which will fall due to repayment in September 2021 with no early redemption rights available to bondholders. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividends

Dividends in the year of £28,799 (2020 - £7,937) were declared and fully paid in the year.

Auditors

All 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.

Adrian David Symondson
Director

Date: 30th July 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

For each person making a responsibility statement, the statement shall set out that to the best of his or her knowledge:

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

This statement was approved by the board and signed on its behalf.

Adrian David Symondson
Director

Date: 30th July 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASTUTE CAPITAL PLC

For the purpose of this report, the terms "we" and "our" denote MHA Maclntrye Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Astute Capital Plc ("the Company"). For the purposes of the table on pages 13 to 15 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA Maclntyre Hudson. The relevant legislation governing the Company is the United Kingdom Companies Act 2006 ("Companies Act 2006").

Opinion

We have audited the financial statements of Astute Capital Plc.

The financial statements that we have audited comprise:

- Statement of Financial Position as at 31 March 2021.
- Statement of Comprehensive Income for the year then ended.
- Statement of Changes in Equity for the year then ended.
- Statement of Cash Flows for the year then ended.
- Notes 1 to 18 of the financial statements, including the accounting policies.

The financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the applicable accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and the Company's profit for the year then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies Act 2006.

Our opinion is consistent with our reporting to the Board.

Basis for opinion

We conducted our audit in accordance with 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). 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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewed and challenged management's assessment of going concern.
- Made inquiries of management regarding any known issues that would affect going concern beyond 12 months from the approval of the financial statements and reviewed minutes of board meetings and other relevant committees.
- Reviewed and assessed management's projected budget forecast and the Company's strategic plan.

Overview of our audit approach

Materiality	2021	2020	
Materiality	£279,988	£255,348	1.2% of Gross Assets
	£13,999	£12,767	Threshold for reporting to those charged with governance

Key audit matters	
Recurring	• Recoverability of loan • Revenue • Measurement and recognition of bond

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters 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 and, as required for listed entities, our results from those procedures. 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.

Accuracy and completeness of amounts recognised for interest income

Key audit matter description	As detailed in note 2.3, the company's income is generated from interest due on the loan made to Astute Capital Advisors Limited under the collateral management agreement. Interest income is calculated using the effective interest rate method. We need to ensure that the interest has been calculated accurately and that all lending has been accurately and completed recorded in the year. As a result, we have considered interest income recognition to be a key audit matter.
How the scope of our audit responded to the key audit matter	Our work in this area included the following procedures: • We obtained the collateral management agreement and verified the rate of interest and the method for calculating amounts due. • We recalculated the interest income using the interest rate and the loan balance and compared with the actual interest income recorded in the financial statements. • We have checked all drawdowns made during the year.
Key Observations	Based on the audit procedures performed, the amounts recognised for interest income is consistent with the audit evidence obtained.

Notes issue programme and accounting for bonds	
Key audit matter description	The principal activity of the Company is the issuance of Notes that have been listed on a variety of internationally recognised stock exchanges. The approved bond programme allows for flexibility in the type of bonds which can be issued in each series for which the accounting depends on the nature of the underlying bond terms. Accounting for bonds is a potentially complex area of accounting and was a key area of audit focus resulting in this being considered to be a key audit matter.
How the scope of our audit responded to the key audit matter	Our work in this area included the following procedures: • We agreed the Notes issued to the stock exchange listing. • We obtained confirmation from the bond trustee of the amounts in issue at the year end. • We reconciled the number of units confirmed directly by the brokers to the register maintained by management. • We recalculated expected interest expense for the year and closing liability with reference to the issue date of the series, subscription date, bond terms (interest rate and timing of payments) and taking account of any interest paid in advance by the investor to the Company between the issue and subscription dates. • We agreed relevant cash movements to bank records. • We assessed the Company's ability to repay the outstanding Notes.
Key Observations	We're satisfied that, based on the audit procedures performed, the accounting treatment for bonds is consistent with the audit evidence obtained.

Recoverability and valuation of loans and advances to the collateral manager	
Key audit matter description	There is a £23,258k loan balance owed by Astute Capital Advisors Limited (ACA) under the collateral management agreement. The recovery of the loan is tightly linked to the recoverability of the onward loans made by ACA to third parties. There is a risk of management override due to the inherently judgement nature of estimates surrounding any provisions relating to the loan due from ACA.
How the scope of our audit responded to the key audit matter	Our work in this area involved the following procedures: • Inspected underlying loan documentation between ACA and the third parties and agreed the details to the Master Loans list, ensuring that all loans were correctly detailed within the Master Loans list. • Ensured the amounts and timing of funds forwarded to third parties were in line with supporting loan documentation. • Reviewed underlying evidence for the existence and valuation of collateral held for those loans. • Vouched amounts and timings of receipts per the Master Loans list to supporting documentation.

	• For loans due within the period and post year-end, we vouched the receipt and timing of those loans to supporting documentation. • We held discussions with management and inspected communications with third parties to identify non-performing loans in ACA and performed an assessment on the impact of this on the CMA loan. • We obtained and reviewed the latest status of the projects being funded by the loans • Reviewed the impact of COVID-19 on the Company's operations and the risk of further credit losses in the underlying loan portfolio.
Key Observations	Based on the audit procedures performed, we are satisfied that the valuation of the loans is consistent with the audit evidence obtained.

Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. 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. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Company was set at £279,998 which was determined on the basis of 1.2% of the Company's Gross Assets.

The Gross Assets of Astute Capital Plc is considered to be the most appropriate benchmark of preliminary materiality, as this is seen as the key performance indicator for users of the financial statements.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Company was set at £195,992 which represents 70% of the above materiality levels.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls, and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding £13,999 to the Board as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

Reporting on other information
The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion of 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.

Strategic report and directors report
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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
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 by 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, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006, the Financial Services and Markets Act 2000 and applicable tax legislation. In addition, we considered compliance with the UK Bribery Act and employee legislation, as fundamental to the Company's operations.

- Reviewing key correspondence with regulatory authorities such as the Financial Conduct Authority, Prudential Regulatory Authority, and Financial Reporting Council.

- Enquiry of management to identify any instances of non-compliance with laws and regulations.

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

- Enquiry of management around actual and potential litigation and claims.

- Enquiry of management to identify any instances of known or suspected instances of fraud.

- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

- Reviewing minutes of meetings of those charged with governance.

- Reviewing the control systems in place and testing the design and implementation of the controls.

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for impairment of loans and amounts advanced to customers.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

Other requirements

We were appointed by the Directors on 5 May 2020. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is one year.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the company and we remain independent of the company in conducting our audit.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rakesh Shaunak FCA, CTA.
(Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditor
6th Floor
2 London Wall Place
London
EC2Y 5AU

30th July 2021

STATEMENT OF COMPREHENSIVE INCOMEFOR THE YEAR ENDED 31 MARCH 2021

	Note	2021	2020
		£000	£000
Interest receivable and similar income	6	2,224	2,314
Interest payable and similar charges	7	(1,718)	(1,681)
Gross profit		506	633
Administrative expenses	4	(424)	(449)
Operating profit/(loss)		82	184
Tax on profit/(loss)	8	(16)	(12)
Profit/(loss) for the financial year		66	172
Other comprehensive income for the year			
Total comprehensive income for the year		66	172

The notes on pages 22 to 34 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note		2020 £000		2020 £000
Non current assets					
Debtors due after more than 1 year		7,379		17,592	
			7,379		17,592
Current assets					
Debtors: amounts falling due within one year	9	15,897		3,409	
Cash at bank and in hand	10	7		276	
		15,904		3,685	
Creditors: amounts falling due within one year	11	(15,932)		(3,325)	
Net current assets			(28)		360
Total assets less current liabilities			7,351		17,952
Borrowings: amounts falling due after more than one year	12		(7,232)		(17,870)
Net assets/(liabilities)			119		82
Capital and reserves					
Called up share capital	14		50		50
Profit and loss account			69		32
			119		82

The financial statements were approved and authorised for issue by the board and were signed on its behalf.

Adrian David Symondson
Director
Date: 30th July 2021

The notes on pages 22 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2019	50	(132)	(82)
Comprehensive income for the year			
Profit for the year	-	172	172
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	172	172
Dividends		(8)	(8)
Total transactions with owners		(8)	(8)
At 1 April 2020	50	32	82
Comprehensive income for the year			
Profit for the year		66	66
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year		66	66
Dividends	-	(29)	(29)
Total transactions with owners	-	(29)	(29)
At 31 March 2021	50	69	119

The notes on pages 22 to 34 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Profit/(loss) for the financial year		66	172
Adjustments for:			
Decrease in debtors	9	19	95
Increase in creditors	11	816	704
(Increase) in loans to collateral manager	11	(1,874)	(5,788)
(Increase) in interest owed by collateral manager	11	(543)	(2,314)
(Increase) in amounts owed by related parties	11		(488)
(Decrease)/ Increase in amounts owed to related parties	11		(11)
Net cash generated from operating activities		**(1,516)**	**(7,630)**
Cash flows from financing activities			
Dividends paid		(29)	(8)
Bond proceeds	11	1,151	4,790
Net cash generated in financing activities		**1,122**	**4,782**
Net (decrease)/increase in cash and cash equivalents		**(394)**	**(2,848)**
Cash and cash equivalents at beginning of year	10	400	3,248
Cash and cash equivalents at the end of year		**7**	**400**
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	10	7	276
Cash held by broker	9	-	124
		7	**400**

The notes on pages 22 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. **General Information**

Astute Capital Plc is a public Company limited by shares and incorporated in England, United Kingdom. The address of the registered office is given on the Company information 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 Republic or Ireland.

2. **Accounting policies**

2.1 Basis of preparation of financial statements

Since the nature of the business is to provide finance, the Directors are of the opinion that it is more appropriate to use interest income and interest expense rather than turnover and cost of sales in preparing the statement of comprehensive income.

The functional and presentational currency of 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 judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

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

During the financial year ended 31 March 2021 the Company recorded a profit for the period of £66k. The Company is still in its early years of existence with its first bond series issue occurring just over 36 months ago.

The impacts of COVID-19 has been considered by the Directors when preparing these financial statements. All of ACA's developer borrowers remained operational during the outbreak with minimal delays. Geographically, there have been some procurement delays with materials being difficult to source, but this was only at the beginning of lockdown until the end of April 2020. The biggest impact that has been seen so far is the liming of ACA Ltd loan redemptions due to mortgage lenders withdrawing products temporarily whilst surveyors could not attend to inspect and value properties due to social distancing guidelines. Surveyors have now re-opened and the market appears to have caught up. Currently we have seen no declines in values completed post lockdown to pre COVID-19 values suggesting little impact on values at this

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 5 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 up to 31 March 2021. Going concern is discussed in more detail within the Strategic Report and Director's reports. Accordingly the Directors have prepared the financial statements on a going concern basis.

2.3 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Interest income is recognised when it is probable the economic benefits will flow to the Company and the amount of the revenue can be measured reliably. Interest income is accrued on a lime basis, by reference to the principal outstanding and at the effective 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.

2.4 Administration expenses

Administration expenses are expensed or accrued in the period the services are incurred. Costs caninclude, but are not limited to, audit and accountancy fees, consulting fees, IT software, legal expenses and other professional fees.

2.5 *Finance costs*

Interest payable is charged to the Statement of comprehensive income over the term of the debt using the effective interest method 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.

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.

2.6 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable toan item of income and 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 in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that ii is probable that they willbe recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.7 Loans and advances

Short term debtors are measured at transaction price, less any impairment. Loans and advances are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Financial assets and liabilities

The Company's financial assets comprise only those that meet the definition of basic financial instruments. These are principally loans and other receivables due from the Collateral Manager and related parties.

A debt instrument is recognised when the Company becomes party to the contractual provisions of the instrument and is initially measured at the transaction price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate, in which case it will be initially measured at the present value of the future cash flows, discounted at a market rate of interest. Subsequent measurement of basic financial instruments is at amortised cost using the effective interest method.

Financial assets that are measured at amortised cost are assessed for objective evidence of impairment at the end of each reporting period. If such evidence of impairment is found, the difference between the asset's carrying value and the present value of estimated cash flows that will be received from that asset, discounted at the asset's original effective interest rate, is recognised in profit or loss.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or are settled when substantially all of the risks and rewards of ownership of the financial asset are transferred to another party.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 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.

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

The preparation of financial statements in conformity with FRS 102 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.

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.

Recoverability of loans from Collateral Manager

It is agreed between Astute Capital Plc and its collateral manager (ACA) that all loans made by ACA must be asset backed and must not breach the Company's program memorandum. Beyond this the Company has agreed with ACA to include further policies to provide additional security around loans and to assist with recoverability, these include but are not limited to: personal guarantees from borrowers, full transparency of borrower operation including the mandates over key bank accounts, ownership over security assets and enhanced levels of control and management during the lifetime of each loan. Should the Company need to recover the loans from ACA it would call upon the security held by ACA in the form of legal charges over the assets lent against.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 **£000**	2020 £000
Client Services and administration fees	112	176
Legal and professional	108	148
Wages and salaries	137	-
Auditors remuneration to current years auditor	36	30
Auditors remuneration for non-audit services	-	5
Other administrative expenses	31	86

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
	2	2

Directors

Adrian Bloomfield received Directors consultancy fees totaling £44,640 (2020 - £41,101) in the year and Richard Symonds received Directors consultancy fees of £35,000 (2020 - £76,000) plus salary of £136,000 (2020 – Nil) during the year.

6. Interest receivable and similar income

The amount represents interest received and accrued under the Collateral Management Agreement on funds advanced of £21,371k (2020 - £20,199k) at a fixed interest rate of 11.16% (2020 - 12%).

7. Interest payable and similar charges

	2021 £000	2020 £000
Bonds issued	1,557	1,494
Amortisation of bond issue costs	161	187
	1,718	1,681

The interest payable on bonds issued includes the two coupon payments in September 2020 and March 2021 that was due in accordance with the respective bond terms, and the movement in the accrual for interest accrued but not yet due to be paid on all Series that has been subscribed to the 31 March 2021 of £802k (2020 - £733k).

Bond issue costs are amortised over the life of each respective bond series from the month they are incurred.

8. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	16	12
	16	12
Total current tax	**16**	**12**
Deferred tax		
Total deferred tax	**-**	**-**
Taxation on profit on ordinary activities	**16**	**12**

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit/ (loss) on ordinary activites before tax	82	184
Profit on ordinary activities multiplied by standard rate of corporation tax inthe UK of 19% (2020- 19%)	16	35
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and	-	2
impairment	-	(25)
Unrelieved tax losses carried forward	-	(25)
Total tax charge for the year	16	12

9. Loans and advances

	2021 £000	2020 £000
Due after more than one year		
Collateral interest owed by collateral manager	3,905	3,361
Loans to collateral manager	481	10,977
Amounts owed by related parties	2,993	3,254
	7,379	17,592

	2021 £000	2020 £000
Due within one year		
Cash held by Brokers in clients account	-	124
Loans to collateral manager	15,830	3,206
Collateral Interest owed by Collateral Manager		
Called up share capital not paid	38	38
Prepayments and other receivables	22	41
	15,890	3,409

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Amounts owed by related parties comprise of loans to the collateral manager of £23,208k (2020 - £20,798k) (see note 16 for further details).

Loans to the collateral manager represent are contractually due for repayment one month prior to the relevant bond series redemption date.

Collateral interest owed by the collateral manager is interest accrued on the loans advanced to the Collateral Manager under the CMA.

10. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	7	276
Cash held by Brokers in client account	-	124
	7	400

11. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**65**	63
Issued bonds	**14,091**	3,193
Accruals - bond interest	**1,242**	8
Corporation tax	**16**	12
Amounts owed to related parties		
Accruals and deferred income	**49**	49
Other creditors	**11**	-
	15,484	3,325

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12. Borrowings: Amounts falling due after more than one year

	2021 £000	2020 £000
Issued bonds	7,154	16,864
Deferred bond interest	574	1,006
	7,728	17,870

In the 2018 financial year, the Company entered into a £500m secured limited recourse bond programme, listed on the main market of Euronext Dublin. As at 31 March 2021 the Company has issued £20,199k of Bonds across 22 series, ranging in maturity dates of 1, 3 and 5 years. Coupon payments are paid either bi-annually or upon maturity at 3.2% or 8.9% depending on the life of the bond.

Total Issued bonds are stated at the issued cost of £21,372k (2020 - £20,199k), less costs directly attributable to the bond issue amounting to £164k (2020 - £142k).

The maturity of sources of debt finance are as follows:

	Issued bonds 2021 £000	Total 2021 £000	Issued Bonds 2020 £000	Total 2020 £000
In one year or less, or on demand	14,058	14,058	249	3,198
In more than one year but not more than two years	3,469	3,469	1,125	13,813
In more than two years but not more than five years	3,681	3,681	3,286	3,188
	21,208	21,208	4,660	20,199

13. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	23,265	21,409
Financial liabilities		
Financial liabilities measured at amortised cost	(23,153)	(22,190)

Financial assets measured at amortised cost comprise cash at bank, loan to collateral manager, amounts owed by related parties, bond issue costs, other debtors and called up share capital not paid.

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

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

14. Share capital

	2021 £000	2020 £000
Allotted. called up and partly paid		
50,000 (2019 - 50,000) Ordinary shares of £1.00 each	50	50

The shares have been paid up to the amount of £12.5k with each share paid up to the amount of 25p with 75p outstanding. All shares carry equal voting, capital repayment and dividend distribution rights.

15. Contingent liabilities

There were no contingent liabilities at the year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16. Related party transactions

Astute Capital Advisors Limited (formerly TAR Asset Management)- collateral manager

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 Astute Capital Advisors under a collateral management agreement under which Astute Capital Advisors Limited will deal with loan origination, approve and enter into borrower loans on behalf of Astute Capital Plc.

Astute Capital Advisors Limited 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 12 David Mews, Marylebone, London, W1U 6EG. The management of Astute Capital Advisors Limited initially included both Directors of Astute Capital Plc until their resignation in July 2017. The Directors of Astute Capital Plc were also shareholders of Astute Capital Advisors Limited until March 2017. One of the Directors of Astute Capital PLC continues to exercise significant control over Astute Capital Advisors Limited through their close cooperation with the Directors of Astute Capital Advisors Ltd around the nature of the collateral agreement.

In addition, Astute Capital Advisors Limited will assume the obligations of the Company in respect of office costs, staff employment and introducer payments and commissions for funds raised.

Astute Capital Advisors Limited will pay a fixed rate of interest of 11.16% (2020 - 12%) to Astute Capital Plc in respect of funds provided for the purpose of entering into borrower loans on behalf of the Companycompared with a current fixed rate of interest on issued bonds between the range of 3.2% to 8.9% dependent on the Bond series subscribed. No fees are paid to the ACA Ltd for management services.

The amounts owed from Astute Capital Advisors Ltd at the year end consisted of £23,208k (2020 - £20,798k of monies lent to it under the CMA and associated interest on those funds. These funds are to be repaid to the Astute Capital PLC 1 month before Series redemptions are due to facilitate the repayment to Bond holders. These figures include amounts relating to expenditure incurred by the Astute Capital Plc on Astute Capital Advisors Ltd's behalf.

Astute Capital Charitable Trust

Dividends were paid to the Astute Capital Charitable Trust, the controlling party, of £28,779 (2020 - £7,999) in the year.

Other related party transactions

Within administration costs there are £35,000 (2020 - £70,000) of consultancy fees paid to Asset Securities Ltd and a further £7,000 (2020 – nil) owed by Asset Securities Ltd., a company owned by Richard Symonds, £0 (2020 - £6,000) of consultancy fees paid to Richard Symonds, and £44,640 2020 - £47,101 of consultancy fees paid to Adrian Bloomfield Ltd, a company owned by Adrian Bloomfield a director of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

17. Post balance sheet events

In May 2021 the FCA posted a notice on their website stating Astute Capital Plc is providing a financial product without authorisation. The FCA publication caused severe delays to new bond sales and damage to the company's reputation amongst stakeholders and the wider investment community. The FCA requested information from Astute which the company responded to in full and the FCA confirmed in writing that the case is closed without the need for any action on the 17th June 2021. The FCA declined the company's request for the publication to be removed stating that it was not a warning but simply a factual statement that Astute Capital Plc provide a financial product and are not regulated. The FCA also confirmed that the publication did not suggest in any way that Astute was in breach of any regulation. The company will continue its efforts to have the publication removed and with the confirmation of case closure are able to commence new bond sales and repairing its reputation.

A new bond series was issued in July 2021. A total of £1,734k (2020 - £941k) of bonds have been sold since the year-end and has been advanced the ACA under the terms of the CMA, since the year end.

No other information has been identified since the statement of financial position date about conditions existing at the statement of financial position date which is required to be disclosed in these financial statements.

As of 1st June 2021 Richard Symonds resigned as Director of Astute Capital PLC but will remain as Head of Investment and Structuring. Adrian David Symondson was appointed as Director of Astute Capital PLC on 1st June 2021 and is also Director of the collateral Manager, Astute Capital Advisors.

18. Controlling party

The controlling party as at 31 March 2021 was the charitable trust, established by the deed dated 27th July 2017, called Astute Capital Charitable Trust, who were gifted 100% of the shares of the Company. Druces LLP were the ultimate controlling party of D&A Nominees Ltd, the trustees of the charity. During the year the trustees namely, D&A Nominees Ltd, were replaced by the Directors, Adrian Bloomfield and Richard Symonds who are now the ultimate controlling parties.