

RM SECURED DIRECT LENDING PLC

INITIAL ACCOUNTS

FOR THE PERIOD FROM INCORPORATION ON 27 OCTOBER 2016 TO 30 SEPTEMBER 2017

PREPARED IN ACCORDANCE WITH SECTION 839 OF THE COMPANIES ACT 2006

COMPANY NO. 10449530

WEC SATURDAY



\*A6KXLK5C\*

A14 09/12/2017 #369

COMPANIES HOUSE

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A24 29/11/2017 #15

COMPANIES HOUSE

## **REPORT OF THE INDEPENDENT AUDITOR TO RM SECURED DIRECT LENDING PLC UNDER IAS 34 INTERIM FINANCIAL REPORTING AND SECTION 839 OF THE COMPANIES ACT 2006**

We have examined the initial accounts of RM Secured Direct Lending Plc for the period from 27 October 2016 to 30 September 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 19. The initial accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with IAS 34 Interim Financial Reporting (IAS 34), subject to matters that are not material for determining whether the proposed dividend in note 18 would contravene Section 839 of the Companies Act 2006, and for no other purpose. 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.

### **Respective responsibilities of directors and auditors**

The directors are responsible for the preparation of the initial accounts in accordance with IAS 34, subject to matters that are not material for determining whether the proposed dividend in note 18 would contravene the Companies Act 2006.

Our responsibility is to report to you our opinion as to whether the initial accounts have been properly prepared in accordance with IAS 34, subject to matters that are not material for determining whether the proposed dividend in note 18 would contravene the Companies Act 2006.

### **Opinion**

In our opinion the initial accounts for the period from 27 October 2016 to 30 September 2017 have been properly prepared under IAS 34 Interim Financial Reporting, subject to matters that are not material for determining whether the proposed dividend in note 18 would contravene the Companies Act 2006.

*Susan Dawe*

Susan Dawe (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Edinburgh

23 November 2017

**Statement of Comprehensive Income**  
**from incorporation on 27 October 2016 to 30 September 2017**

	Notes	Revenue £000	Capital £000	Total £000
Loss on investments		-	(382)	(382)
Income	3	2,282	-	2,282
Investment management fee	4	(211)	-	(211)
Other expenses	5	(584)	-	(584)
<b>Return before finance costs &amp; taxation</b>		<b>1,487</b>	<b>(382)</b>	<b>1,105</b>
Finance costs	6	(4)	-	(4)
<b>Return on ordinary activities before taxation</b>		<b>1,483</b>	<b>(382)</b>	<b>1,101</b>
Taxation on ordinary activities	7	-	-	-
<b>Return on ordinary activities after taxation</b>		<b>1,483</b>	<b>(382)</b>	<b>1,101</b>
<b>Return per ordinary share (pence):</b>	16	<b>2.78p</b>	<b>(0.72p)</b>	<b>2.06p</b>

The notes on pages 6 to 11 form part of these accounts.

The total column of this statement is the profit and loss account of the Company.

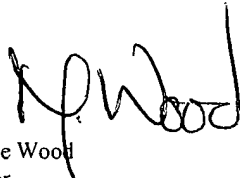
All the revenue and capital items in the above statement derive from continuing operations.

'Return on ordinary activities after taxation' is also the 'Total comprehensive income for the period'.

**Statement of Financial Position  
as at 30 September 2017**

	Notes	£000
<b>Fixed assets</b>		
Investments at fair value through profit or loss	8	50,744
<b>Current assets</b>		
Receivables	9	1,620
Cash and cash equivalents		5,197
		<b>6,817</b>
<b>Creditors - amounts falling due within one year</b>		
Creditors	10	(528)
<b>Net current assets</b>		<b>6,289</b>
<b>Total assets less current liabilities</b>		<b>57,033</b>
<b>Net assets</b>		<b>57,033</b>
<b>Capital and reserves</b>		
Share capital	11	573
Share premium	12	6,857
Special reserve	13	48,502
Capital reserve	14	(382)
Revenue reserve	15	1,483
<b>Total shareholders' funds</b>		<b>57,033</b>
<b>NAV per share – Ordinary Shares (pence)</b>	17	<b>99.53p</b>

The initial accounts were approved by the Board of directors on 23 November 2017 and were signed on its behalf by:



Marlene Wood  
Director

Company no 10449530

The notes on pages 6 to 11 form part of these accounts

**Statement of Changes in Equity**  
**for the period from incorporation on 27 October 2016 to 30 September 2017**

	Share capital £000	Share premium account £000	Special reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
Balance as at beginning of period	-	-	-	-	-	-
Return on ordinary activities	-	-	-	(382)	1,483	1,101
Issue of ordinary shares	573	56,815	-	-	-	57,388
Share issue costs	-	(1,203)	-	-	-	(1,203)
Transfer to special reserve	-	(48,755)	48,755	-	-	-
Other capital charges	-	-	(24)	-	-	(24)
Dividends paid	-	-	(229)	-	-	(229)
<b>Balance at 30 September 2017</b>	<b>573</b>	<b>6,857</b>	<b>48,502</b>	<b>(382)</b>	<b>1,483</b>	<b>57,033</b>

Distributable reserves comprise: the revenue reserve; and capital reserves attributable to realised profits including the special reserve.

Share capital represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

The notes on pages 6 to 11 form part of these accounts

## NOTES TO THE INITIAL ACCOUNTS

### 1. GENERAL INFORMATION

RM Secured Direct Lending plc (the "Company") was incorporated in England and Wales on 27 October 2016 with registered number 10449530, as a closed-ended investment company. The Company commenced its operations on 15 December 2016. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company's investment objective is to generate attractive and regular dividends through investment in secured debt instruments of UK Small to Medium Entities and mid-market corporates including any loan, promissory notes, lease, bond or preference share sourced or originated by the Investment Manager with a degree of inflation protection through index-linked returns where appropriate.

The Company's shares were admitted to the Official List of the UK Listing Authority with a premium listing on 15 December 2016. On the same day, trading of the Ordinary Shares commenced on the London Stock Exchange. The registered office is Mermaid House, 2 Puddle Dock, London, EC4V 3DB.

### 2. ACCOUNTING POLICIES

The principal accounting policies followed by the Company are set out below:

#### (a) Basis of accounting

The financial statements have been prepared in accordance with IAS34 Interim Financial Reporting, subject to matters that are not material for determining whether the dividend would contravene the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

The functional and presentational currency of the Company is Sterling (£).

#### (b) Investments

Investments consist of debt instruments made by the Company. The Debt Instruments are designated at initial recognition at fair value through profit and loss and are recorded at fair value. Subsequently, debt instruments are measured at fair value through profit and loss and gains / losses are attributed to the capital column of the Statement of Comprehensive Income. When the debt instruments term expires, the loan is no longer held as an asset.

#### (c) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are translated into sterling using London closing foreign exchange rates at the period end. Any gain or loss arising from a change in exchange rates is included as an exchange gain or loss to capital or revenue in the Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income within gains on investments.

#### (d) Income

Interest income is recognised in the revenue column of the Statement of Comprehensive Income on a time-apportioned basis using the effective interest rate method.

All other income including deposit interest, early redemption fees received are accounted for on a receipts basis.

#### (e) Capital reserves

Realised and unrealised gains and losses on the Company's investments are recognised in the capital column of the Statement of Comprehensive Income and allocated to the capital reserve.

#### (f) Expenses

All expenses are accounted for on an accruals basis. Expenses are recognised in the revenue column of the Statement of Comprehensive Income.

#### Management fees and finance costs

The Company is expecting to derive its returns predominantly from interest income. Therefore, the Board has adopted a policy of allocating all management fees and finance costs to the revenue column of the Statement of Comprehensive Income.

#### (g) Taxation

The charge for taxation is based upon the net revenue for the year. The tax charge is allocated to the revenue and capital accounts according to the marginal basis whereby revenue expenses are first matched against taxable income arising in the revenue account. Deferred taxation will be recognised as an asset or a liability if transactions have occurred at the initial reporting date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset will not be recognised to the extent that the transfer of economic benefit is uncertain.

#### h) Financial liabilities

Bank loans and overdrafts are initially recorded at the proceeds received net of direct issue costs and subsequently measured at amortised cost using the effective interest rate.

#### i) Dividends

Interim dividends to the holders of shares are recorded in the Statement of Changes in Equity on the date that they are paid. Final dividends are recorded in the Statement of Changes in Equity when they are approved by Shareholders.

#### (j) Estimates and assumptions

The preparation of financial statements requires the directors to make estimates and assumptions that affect items reported in the Balance Sheet and Income Statement. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly.

### 3. INCOME

	Period ended 30 September 2017 £000
<b>Income from investments</b>	
Bond and loan interest	1,635
Bank interest	19
Other income	628
	<b>2,282</b>

### 4. INVESTMENT MANAGEMENT FEE

	Period ended 30 September 2017 £000
Basic fee:	
100% charged to revenue	211
	<b>211</b>

The Company's investment manager is RM Capital Markets Limited (the 'Investment Manager'). The Investment Manager is entitled to receive a management fee payable monthly in arrears and is at the rate of one-twelfth of 0.5% if funds raised are less than £75 million. If the Net Asset Value is in excess of £75 million then the Investment Manager is entitled to receive a management fee one twelfth of 0.875% per calendar month of Net Asset Value payable monthly in arrears. There is no performance fee payable to the Investment Manager.

**5. OTHER EXPENSES**

Period ended  
30 September 2017  
£000

Broker fees	73
Directors' fees	83
Administration and company secretarial fees	123
Alternative Investment Fund Manager fees	70
Consultancy fees	50
Legal and professional	62
Audit fees	38
Non-audit fees	24
Other expenses	61
	<b>584</b>

**6. FINANCE COSTS**

Period ended  
30 September 2017  
£000

Interest paid	4
	<b>4</b>

**7. TAXATION ON ORDINARY ACTIVITIES**

Period ended  
30 September 2017  
£000

Taxation	-
	<b>-</b>

**8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

30 September 2017  
£000

Financial assets held:	
Debt securities and loan investments	50,744
	<b>50,744</b>

The debt securities and loan investments have been recognised and valued in accordance with the accounting policy in note 2b.

**9. RECEIVABLES**

30 September 2017  
£000

Sales for future settlement	1,005
Other debtors	615
	<b>1,620</b>



## 10. CREDITORS

	30 September 2017 £000
Amounts falling due within one year:	
Other creditors	528
	<u>528</u>

## 11. SHARE CAPITAL

	30 September 2017 No of Shares	30 September 2017 £000
<b>Allotted, issued &amp; fully paid:</b>		
Ordinary shares of 1p	57,300,000	573
	<u>57,300,000</u>	<u>573</u>

On incorporation, the issued share capital of the Company was £0.01 represented by one Ordinary Share, held by RM Capital Markets Limited as subscriber to the Company's memorandum of association. The Ordinary share was fully paid up.

To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under Section 761 of the Act, on 3 November 2016, 50,000 redeemable management shares of £1 each ("Management Shares") were allotted to the Investment Manager. The Management Shares were fully paid up and were redeemed at the same price, immediately following Admission 15 December 2016 out of the proceeds of the Issue.

On 15 December 2016, 50,300,000 ordinary shares of 1p each ("Ordinary Shares") were allotted and issued to shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 24 November 2016.

On 24 May 2017, the Company issued and allotted 7,000,000 Ordinary Shares.

### Share Movement

The table below sets out the share movement since incorporation (27 October 2016) to 30 September 2017.

For the period from 27 October 2016 to 30 September 2017

	Shares issued	Shares Redeemed	Shares in issue at 30 September 2017
Management Shares	50,000	(50,000)	-
Ordinary Shares	57,300,000	-	57,300,000

## 12. SHARE PREMIUM

	30 September 2017 £000
Share premium arising on issue of ordinary shares	56,815
Transfer to Special Reserve	(48,755)
Share issue costs	(1,203)
<b>Closing balance</b>	<u><b>6,857</b></u>

### 13. SPECIAL RESERVE

30 September 2017  
£000

Transfer from Share Premium	48,755
Other capital charges	(24)
Dividends paid	(229)
<b>Closing balance</b>	<b>48,502</b>

As indicated in the Company's prospectus dated 24 November 2016, following admission of the Company's Ordinary Shares to trading on the London Stock Exchange, the directors applied to the Court to cancel the share premium account so as to create a new special reserve which may be treated as distributable reserves and out of which tender offers and share buybacks may be funded. This reserve may also be used to fund dividend payments.

Following approval by the Court, the cancellation became effective on 16 March 2017 and an amount of £48,755,460 was transferred to the above special reserve at that time.

### 14. CAPITAL RESERVE

30 September 2017  
£000

Losses on investments - held at fair value through profit or loss	(382)
<b>Closing balance</b>	<b>(382)</b>

### 15. REVENUE RESERVE

Period ended 30 September 2017  
£000

Retained profit for the period	1,483
<b>Closing balance</b>	<b>1,483</b>

### 16. RETURN PER ORDINARY SHARE

Total return per ordinary share is based on the gain on ordinary activities after taxation of £1,101,000.

Based on the weighted average number of 53,413,793 ordinary shares in issue from commencement of the Company's operations on 15 December 2016 to 30 September 2017, the returns per share were as follows:

	Revenue	Capital	Period ended 30 September 2017 Total
Return per ordinary share	2.78p	(0.72p)	2.06p

## 17. NET ASSET VALUE PER SHARE

Total shareholders' funds and the net asset value per share attributable to the ordinary shareholders at the period end were as follows:

	Net Asset Value per share 30 September 2017 pence	Net assets available 30 September 2017 £000
Ordinary Shares (57,300,000 shares in issue)	99.53	57,033

The net asset value per share is based on total shareholders' funds above, and on 57,300,000 ordinary shares in issue at the period end.

## 18. DIVIDENDS

During the period, the Company has paid two interim dividends, each at the rate of 0.2p per Ordinary Share. The dividends were funded from the Company's special reserve.

On 23 November 2017, the directors approved the payment of a dividend to ordinary shareholders at the rate of ● pence per Ordinary Share. The dividend will have a record date of 1 December 2017 and will be payable on 29 December 2017. The dividend will be funded from the Company's revenue reserve.

## 19. POST BALANCE SHEET EVENTS

On 25 October 2017, the Company issued 30,000,000 'C' Shares in the Company at £1 each.

There are no other post balance sheet events to report.



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The Company Secretary  
RM SECURED DIRECT LENDING PLC  
MERMAID HOUSE 2 PUDDLE DOCK  
LONDON  
EC4V 3DB

Your Ref  
Our Ref AA/10449530/MD  
Date 04/12/2017

Dear Sir/Madam

**RM SECURED DIRECT LENDING PLC**

Thank you for your enclosed document. Unfortunately, we have been unable to accept it for the following reason(s):

The balance sheet is not made up to the correct accounting reference date. According to our records the correct date is **31/12/2017**. It is only possible to change the date by completing a change of accounting reference date form **AA01** and returning it to us by **27/04/2018**. If this date has passed, the accounts will need to be prepared to 31/12/2017 and a Late Filing Penalty will be incurred.

Please amend your document and resubmit it as soon as possible.

Some documents can be filed online, which is faster and more reliable. Our service checks for technical errors, allowing you to correct them before submission, reducing the risk of your documents being rejected. To find out if your company can file documents online, visit our website [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse), where you can also ask to receive reminder letters electronically.

Yours faithfully

Companies House

Encs.