

Nucleus Property Finance¹ Limited

Annual Report and Financial Statements

For the year ended 31 March 2022

Company Registration No. 10546567 (England and Wales)

Nucleus Property Finance1 Limited

Company Information

Directors	C Shah M Goldman S Willmet
Secretary	G May
Company number	10546567
Registered office	Mezzanine Floor St Albans House 57-59 Haymarket London SW1Y 4QX
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP

Nucleus Property Finance1 Limited

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 13

Nucleus Property Finance¹ Limited

Directors' Report

For the year ended 31 March 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continues to be the provision of alternative business financing.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Shah
M Goldman
S Willmet

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nucleus Property Finance¹ Limited

Directors' Report (Continued)

For the year ended 31 March 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

S Willmetts

Director

30 September 2022

Nucleus Property Finance1 Limited

Independent Auditor's Report

To the Members of Nucleus Property Finance1 Limited

Opinion

We have audited the financial statements of Nucleus Property Finance1 Limited (the 'company') for the year ended 31 March 2022 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Nucleus Property Finance1 Limited

Independent Auditor's Report (Continued)

To the Members of Nucleus Property Finance1 Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

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.

Nucleus Property Finance1 Limited

Independent Auditor's Report (Continued)

To the Members of Nucleus Property Finance1 Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nucleus Property Finance1 Limited

Independent Auditor's Report (Continued)

To the Members of Nucleus Property Finance1 Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Ryan Day (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

30 September 2022

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Nucleus Property Finance1 Limited

Profit and loss account

For the year ended 31 March 2022

	2022 £	2021 £
Turnover	1,613,877	1,883,109
Cost of sales	(230,709)	(189,530)
Gross profit	1,383,168	1,693,579
Administrative expenses	(996,112)	(1,263,856)
Operating profit	387,056	429,723
Interest payable and similar expenses	(725,774)	(979,695)
Loss before taxation	(338,718)	(549,972)
Taxation	-	-
Loss for the financial year	(338,718)	(549,972)

Nucleus Property Finance1 Limited

Balance Sheet

As at 31 March 2022

		2022		2021	
	Notes	£	£	£	£
Current assets					
Debtors	4	5,585,181		6,771,449	
Cash at bank and in hand		914,374		55,581	
		<u>6,499,555</u>		<u>6,827,030</u>	
Creditors: amounts falling due within one year	5	<u>(1,401,101)</u>		<u>(464,858)</u>	
Net current assets		5,098,454		6,362,172	
Creditors: amounts falling due after more than one year	6	<u>(6,709,255)</u>		<u>(7,634,255)</u>	
Net liabilities		<u><u>(1,610,801)</u></u>		<u><u>(1,272,083)</u></u>	
Capital and reserves					
Called up share capital	7	1,000		1,000	
Profit and loss reserves		<u>(1,611,801)</u>		<u>(1,273,083)</u>	
Total equity		<u><u>(1,610,801)</u></u>		<u><u>(1,272,083)</u></u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30 September 2022 and are signed on its behalf by:

S Willmet
Director

Company Registration No. 10546567

Nucleus Property Finance1 Limited

Notes to the Financial Statements

For the year ended 31 March 2022

1 Accounting policies

Company information

Nucleus Property Finance1 Limited is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is Mezzanine Floor, St Albans House, 57-59 Haymarket, London, England, SW1Y 4QX.

1.1 Accounting convention

These financial statements have been prepared in accordance with Section 1A FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Exemptions for qualifying entities under FRS 102

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Nucleus Commercial Holdings Limited. These consolidated financial statements are available from its registered office, Mezzanine Floor, St Albans House, 57-59 Haymarket, London, SW1Y 4QX.

Nucleus Property Finance¹ Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

1.3 Going concern

As at 31 March 2022, the company had net liabilities of £1,610,801 and made a loss of £338,718 for the year ended 31 March 2022. The company is a subsidiary of Nucleus Commercial Holdings Limited. The group is funded through long-term credit facilities with third party lenders and the amount owed at 31 March 2022 was £293,351,083.

Nucleus Commercial Holdings Limited has agreed in writing to provide sufficient financial support to the company to enable it to continue to trade and to meet its liabilities as they fall due, for a period of at least one year from the date of signature of the audit report for the year ended 31 March 2022. On this basis, the director considers that the going concern basis is appropriate for these financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global health pandemic, which spread throughout the UK. The directors have continued to monitor the situation throughout the year ended 31 March 2022 and beyond.

In April 2021, Nucleus Cash Flow Finance⁴ Limited the Group became accredited by the BBB to be an RLS lender and as of 31 March 2022, the group had paid out approximately £100m in new loans. The Directors expect that there will be sufficient profits made from servicing fees and interest receivable on the RLS loans, as well as profits made from the other profitable entities in the group to continue to support the loss-making entities within the group, for at least one year from the date of approval of the accounts, even in the event of a high rate of borrowers defaulting. As such the accounts have been prepared on a going concern basis.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

Interest receivable is recognised on a monthly basis. Take on fees are accrued at the point of the start of the contract with the client. Commitment fees relate to preliminary work carried out to establish the risk profile of the client which are then recharged and are accrued as invoiced.

1.5 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.6 Financial instruments

Basic financial instruments are measured at cost. The company has no other financial instruments of basic financial instruments measured at fair value.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Nucleus Property Finance1 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Bad debt provision

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current valuation of the assets that the company has security on, the ageing profile of debtors and historical experience. See Note 4 for the net carrying amount of the debtors and associated impairment provision.

3 Employees

There were no persons employed by the company during the year or the comparative period.

Nucleus Property Finance1 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

4 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	5,584,142	6,747,568
Corporation tax recoverable	-	45
Other debtors	1,039	23,836
	<u>5,585,181</u>	<u>6,771,449</u>

Included within debtors is £195,753 (2021: £750,002) falling due in more than one year, gross of the bad debt provision.

5 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	8,784	34,288
Amounts owed to group undertakings	612,685	227,697
Other creditors	779,632	202,873
	<u>1,401,101</u>	<u>464,858</u>

6 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other creditors	<u>6,709,255</u>	<u>7,634,255</u>

Other creditors due after more than one year are secured by a fixed and floating charge over the company's assets in their entirety.

7 Called up share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

8 Events after the reporting date

Subsequent to the balance sheet date, on 28 July 2022, the entire share capital Nucleus Property Finance1 Limited was sold for consideration of £1 and therefore the company ceased to be under control Nucleus Commercial Holdings Limited. Following the sale, the ultimate parent undertaking is FC (Douglas) Limited, a company incorporated in Isle of Man.

Nucleus Property Finance1 Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2022

9 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 section 33 'Related Party Disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group with which it is party to the transactions.

10 Control

The parent company of Nucleus Property Finance1 Limited is Nucleus Commercial Holdings Limited, a company incorporated in England and Wales who prepare consolidated accounts for the group. Copies of the consolidated accounts are available from Mezzanine Floor, St Albans House, 57-59 Haymarket, London, SW1Y 4QX.

The ultimate parent undertaking at the balance sheet date was Nucleus Holdings Limited, a company incorporated in Isle of Man.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.