

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31 December 2021

for

Aurelius Finance Company Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2021**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Aurelius Finance Company Limited

Company Information
for the Year Ended 31 December 2021

DIRECTORS:

K Dhir
T Nagler

REGISTERED OFFICE:

6th Floor
33 Glasshouse Street
London
W1B 5DB

REGISTERED NUMBER:

10773394 (England and Wales)

AUDITORS:

Venture House Business Service Limited
Chartered Accountants and
Statutory Auditors
Venture House
Calne Road
Lyneham
Chippenham
SN15 4PP

Strategic Report
for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

The Company's primary business is direct lending to incorporated bodies. During the year the Company has grown its turnover from £7.1m to £11.5m. The loan book has grown during the year from £31.1m to £46.4m, due to loan issuances to new borrowers.

All loans are appraised, and continually assessed using key performance indicators including: financing performance, liquidity, asset recovery values and loan to value ratios.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties of direct lending and the provision of loans of this nature are complex and varied. Risks include credit risks, default risks liquidity risks and market risks. The principal risk is the ability of the borrower to service their obligations, and the ultimate recoverability of the loan - which can include factors external to the Company.

The Company relies on the continued support of its parent Aurelius Equity Opportunities SE & Co KGaA. In reaching the conclusion as to the going concern the director sought and obtained an indication of the support.

The Company is exposed to interest rate risks and currency exchange rate risks. Material movements could have a negative effect on holding value of its investments and/ or the Company's financial performance

The coronavirus pandemic continued to impact the global economy in 2021. Other primary risks for the future development of the economy besides the coronavirus pandemic include possible geopolitical shocks and the uncertainty emanating from international trade conflicts.

The Aurelius management promptly analyses the situation of its portfolio companies in close consultation with the operating management teams of the group companies. The closeness to the group companies made it possible to devise and implement comprehensive action plans to protect the health of employees, minimise the risks to our business processes and soften the blow of the challenging external conditions at the different levels of holding companies and group companies.

ENGAGEMENT WITH EMPLOYEES

People create success. Our success is the result of the individual performance of every employee.

Respectful treatment of all employees.

Unconditional respect of human rights.

Conscious diversity and internationality of our workforce.

More jobs thanks to successful growth strategies.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Corporate codex

Principles such as responsible, sustainable management are firmly embedded in the Aurelius ESG (Environmental Social Governance) policy, including:

No investment in the arms industry.

No investment in emissions-intensive companies.

No trading in weapons or armaments, tobacco or tobacco products.

Code of Conduct for suppliers and service providers.

Anti-corruption and anti-bribery policy.

Protection and support for whistleblowers.

Strategic Report
for the Year Ended 31 December 2021

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Environment:

Goal for the year 2025: Reduce Group wide CO2 emissions by 30 percent.

Measures have been introduced to permanently reduced CO2 emissions.

Reduction of flights through the increased use of video conferences and online meetings and using train travel as an alternative.

Precautions to prevent environmental damage.

CO2 offsetting of the flights of all holding company employees since the 2019 financial year.

Social commitment:

Aurelius refugee initiative e.v. Aurelius has been helping refugees since 2015.

Extensive support of the START Foundation to promote outstanding young people with migration backgrounds since 2018.

Long established tradition: Christmas-season collection drive for important social projects; AURELIUS matches the donations raised by employees.

ON BEHALF OF THE BOARD:

K Dhir - Director

29 September 2022

**Report of the Directors
for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

K Dhir
T Nagler

DISCLOSURE IN THE STRATEGIC REPORT

The Company has opted to disclose some items in the Strategic Report rather than the Director's Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Venture House Business Service Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

K Dhir - Director

29 September 2022

Report of the Independent Auditors to the Members of Aurelius Finance Company Limited

Opinion

We have audited the financial statements of Aurelius Finance Company Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 December 2021 and of its profit 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 Auditors' 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.

Material uncertainty relating to going concern

We draw your attention to note 18, as stated, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. 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 responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of Aurelius Finance Company Limited

Matters on which we are required to report by exception

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

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 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 Statement of Directors' Responsibilities set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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.

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

Discussions were held with, and enquiries made of, management and those charged with governance with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Tax and Pensions legislation, and distributable profits legislation,

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Aurelius Finance Company Limited**

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 a Report of the Auditors 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.

Grahame Harbour (Senior Statutory Auditor)
for and on behalf of Venture House Business Service Limited
Chartered Accountants and
Statutory Auditors
Venture House
Calne Road
Lyneham
Chippenham
SN15 4PP

29 September 2022

Statement of Comprehensive Income
for the Year Ended 31 December 2021

	Notes	31.12.21 £	31.12.20 £
REVENUE	3	11,532,707	7,091,524
Cost of sales		<u>972,503</u>	<u>1,177,174</u>
GROSS PROFIT		10,560,204	5,914,350
Administrative expenses		<u>1,053,060</u>	<u>1,902,527</u>
OPERATING PROFIT	5	9,507,144	4,011,823
Interest receivable and similar income		<u>273</u>	<u>2,205</u>
		9,507,417	4,014,028
Interest payable and similar expenses	6	<u>6,562,833</u>	<u>3,368,918</u>
PROFIT BEFORE TAXATION		2,944,584	645,110
Tax on profit	7	<u>2,822</u>	<u>(9,209)</u>
PROFIT FOR THE FINANCIAL YEAR		2,941,762	654,319
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
FOR THE YEAR		<u>2,941,762</u>	<u>654,319</u>

Aurelius Finance Company Limited (Registered number: 10773394)

Statement of Financial Position
31 December 2021

	Notes	31.12.21		31.12.20	
		£	£	£	£
FIXED ASSETS					
Property, plant and equipment	8		4,030		3,994
Investments	9		<u>31,202,211</u>		<u>24,692,575</u>
			31,206,241		24,696,569
CURRENT ASSETS					
Debtors	10	16,645,571		7,740,168	
Cash at bank		<u>6,453,142</u>		<u>4,593,901</u>	
		23,098,713		12,334,069	
CREDITORS					
Amounts falling due within one year	11	<u>22,146,562</u>		<u>10,648,452</u>	
NET CURRENT ASSETS			<u>952,151</u>		<u>1,685,617</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,158,392		26,382,186
CREDITORS					
Amounts falling due after more than one year	12		(24,440,411)		(17,897,789)
PROVISIONS FOR LIABILITIES	13		<u>(2,822)</u>		<u>-</u>
NET ASSETS			<u>7,715,159</u>		<u>8,484,397</u>
CAPITAL AND RESERVES					
Called up share capital	14		4,840,948		8,551,948
Retained earnings			<u>2,874,211</u>		<u>(67,551)</u>
SHAREHOLDERS' FUNDS			<u>7,715,159</u>		<u>8,484,397</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2022 and were signed on its behalf by:

K Dhir - Director

Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	15,865,637	(721,870)	15,143,767
Changes in equity			
Issue of share capital	(7,313,689)	-	(7,313,689)
Total comprehensive income	-	654,319	654,319
Balance at 31 December 2020	<u>8,551,948</u>	<u>(67,551)</u>	<u>8,484,397</u>
Changes in equity			
Increase in share capital	3,571,000	-	3,571,000
Reduction in share capital	(7,282,000)	-	(7,282,000)
Total comprehensive income	-	2,941,762	2,941,762
Balance at 31 December 2021	<u>4,840,948</u>	<u>2,874,211</u>	<u>7,715,159</u>

Notes to the Financial Statements
for the Year Ended 31 December 2021

1. STATUTORY INFORMATION

Aurelius Finance Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

The qualifying entity is referred to in note 15.

Preparation of consolidated financial statements

The financial statements contain information about Aurelius Finance Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Aurelius Equity Opportunities SE & Co KGaA, Ludwig-Ganghofer-Straße 6, 82031 Grünwald, Germany.

Significant judgements and estimates

In the application of the company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

It is the nature of a company carrying out the business of the granting of loans that some loans become irrecoverable. When reviewing the recoverability of loans granted, the directors use best judgment to determine the need for any provisions or write offs.

There are current claims underway with administrators, the timing and extent that these will be successful are unpredictable and therefore no income is recorded in relation to these. At such point the income is received this will be recognised in the profit and loss account. Legal fees associated with administrator claims are provided on a no win no fee basis and as such no provision has been made with regards to these. Should there be any associated expense it will be recognised in the profit and loss account at the point the administrator income is recognised.

The Company relies on the continued support of its parent Aurelius Equity Opportunities SE & Co KGaA. In reaching the conclusion as to the going concern the director sought and obtained an indication of the support.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Turnover

Turnover consists of interest receivable, monitoring fees and arrangement fees on loans as well as fees relating to due diligence works carried out. Interest receivable is recognised as it falls due. Arrangement fees are recognised over the life of the loan and monitoring fees are recognised monthly over the course of the year on a straight line basis. Due diligence fees are recognised as due regardless of whether or not the loan agreement is then initiated.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Computer equipment - 25% on reducing balance

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits of this company.

Group policy is to use losses to offset profits made elsewhere, hence no deferred tax assets on losses have been calculated.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are allocated to the appropriate heading within the Income Statement.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Other provisions

Provisions are recognised when the Company has a present legal or constructive obligation to a third party, arising from a past event, and when it is more likely than not that the settlement of the obligation will lead to an outflow of economic resources, and when the amount of the provision can be measured reliably. Uncertain obligations are measured at the best possible estimate.

Fixed asset investments

For the purpose of determining whether the contractual cash flows are solely payments of principal and interest, the principal is defined as the fair value of the financial asset upon initial recognition. Interest is defined as the compensation for the time value of money and the default risk associated with an outstanding principal amount over a certain time period, and for other fundamental credit risk, costs, and a profit margin.

Classification of long term loans as a fixed asset investment is made to represent the intention of the Company to use these assets on a continuing basis in the company's activities. Those loan principal balances repayable within one year per their repayment terms have been classified as current loan receivables within current debtors.

Loan receivables that are contractually repayable on demand are shown as fixed asset investments if the intent of the Company is not to demand repayment in the near future.

Interest receivable or payable which is unpaid at the year end will be classified as trade debtors or liabilities except where the contract terms allow later repayment.

Interest expense

Classification of interest payable from loans is presented as a finance cost.

3. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	31.12.21	31.12.20
	£	£
United Kingdom	11,532,707	7,091,524
	<u>11,532,707</u>	<u>7,091,524</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

4. EMPLOYEES AND DIRECTORS

	31.12.21	31.12.20
	£	£
Wages and salaries	742,297	558,900
Social security costs	96,109	72,325
Other pension costs	4,898	3,941
	<u>843,304</u>	<u>635,166</u>

The average number of employees during the year was as follows:

	31.12.21	31.12.20
Operational	<u>5</u>	<u>3</u>

	31.12.21	31.12.20
	£	£
Directors' remuneration	323,636	245,884
Directors' pension contributions to money purchase schemes	<u>1,319</u>	<u>1,313</u>

Information regarding the highest paid director is as follows:

	31.12.21	31.12.20
	£	£
Emoluments etc	323,636	245,884
Pension contributions to money purchase schemes	<u>1,319</u>	<u>1,313</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.21	31.12.20
	£	£
Other operating leases	10,000	15,333
Depreciation - owned assets	1,344	1,331
Auditors' remuneration	14,850	11,550
Auditors' remuneration for non audit work	6,360	5,436
Foreign exchange differences	<u>25,868</u>	<u>74,297</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.21	31.12.20
	£	£
Other interest	-	104
Loan interest payable	6,562,833	3,368,814
	<u>6,562,833</u>	<u>3,368,918</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

7. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	31.12.21 £	31.12.20 £
Current tax:		
UK corporation tax	-	(9,209)
Deferred tax	<u>2,822</u>	-
Tax on profit	<u>2,822</u>	<u>(9,209)</u>

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.21 £	31.12.20 £
Profit before tax	<u>2,944,584</u>	<u>645,110</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	559,471	122,571
Effects of:		
Expenses not deductible for tax purposes	2,843	565
Income not taxable for tax purposes	(1,870)	-
Capital allowances in excess of depreciation	(62)	-
Depreciation in excess of capital allowances	-	388
Utilisation of tax losses on losses	(560,382)	(132,733)
Deferred tax	<u>2,822</u>	-
Total tax charge/(credit)	<u>2,822</u>	<u>(9,209)</u>

8. PROPERTY, PLANT AND EQUIPMENT

COST

At 1 January 2021

Additions

At 31 December 2021

DEPRECIATION

At 1 January 2021

Charge for year

At 31 December 2021

NET BOOK VALUE

At 31 December 2021

At 31 December 2020

Computer
equipment
£

6,964

1,380

8,344

2,970

1,344

4,314

4,030

3,994

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

9. FIXED ASSET INVESTMENTS

	31.12.21	31.12.20
	£	£
Shares in group undertakings	1,002	1,002
Loans to group undertakings	4,419,459	10,154,073
Other investments not loans	4,347	-
Other loans	26,777,403	14,537,500
	<u>31,202,211</u>	<u>24,692,575</u>

Additional information is as follows:

	Shares in group undertakings £	Listed investments £	Totals £
COST			
At 1 January 2021	1,002	-	1,002
Additions	-	4,347	4,347
At 31 December 2021	<u>1,002</u>	<u>4,347</u>	<u>5,349</u>
NET BOOK VALUE			
At 31 December 2021	<u>1,002</u>	<u>4,347</u>	<u>5,349</u>
At 31 December 2020	<u>1,002</u>	<u>-</u>	<u>1,002</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Aurelius Finance Property One Limited

Registered office: 6th Floor 33 Glasshouse Street, London, England, W1B 5DG

Nature of business: Property Holding Company

	%
Class of shares:	holding
Ordinary	100.00

Aurelius Beta Limited

Registered office: 6th Floor 33 Glasshouse Street, London, England, W1B 5DG

Nature of business: Holding stock

	%
Class of shares:	holding
Ordinary	100.00

Aurelius Bison Limited

Registered office: 6th Floor 33 Glasshouse Street, London, United Kingdom, W1B 5DG

Nature of business: Credit card claim

	%
Class of shares:	holding
Ordinary	100.00

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

9. FIXED ASSET INVESTMENTS - continued

	Loans to group undertakings £	Other loans £	Totals £
At 1 January 2021	10,154,073	14,537,500	24,691,573
New in year	750,000	35,027,403	35,777,403
Repayment in year	(6,484,614)	(7,537,500)	(14,022,114)
Other movement	-	(15,250,000)	(15,250,000)
At 31 December 2021	<u>4,419,459</u>	<u>26,777,403</u>	<u>31,196,862</u>

Fixed Asset Investments consist of long term loans receivable to the Company from third parties and other group companies. They have been classified as Fixed Asset Investments due to the intention for their continued use within the Company's activities as stated in the fixed asset investment accounting policy. The loans have been granted interest rates between 7% and 11%. All the loans will currently reach maturity within 5 years. There is security in place over these loans in the form of debentures and guarantors.

Within other loans is £7,500,000 which is a loan to participating interests.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Trade debtors	503,746	317,378
Amounts owed by group undertakings	824,325	922,790
Current loans receivable	15,250,000	6,500,000
Prepayments	67,500	-
	<u>16,645,571</u>	<u>7,740,168</u>

Loan receivables consists of £15,250,000 due from third parties within 12 months as stated within the financial instruments note. The loans have been granted interest rates between 7% and 11%. There is security in place over these loans in the form of debentures and guarantors.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Trade creditors	26,453	1,125
Amounts owed to group undertakings	14,409,357	9,524,133
Social security and other taxes	17,510	13,707
Other creditors	176,852	164,166
Other loans	5,991,121	-
Directors' current accounts	-	26,742
Accruals and deferred income	1,099,666	535,172
Accrued expenses	425,603	383,407
	<u>22,146,562</u>	<u>10,648,452</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.21	31.12.20
	£	£
Amounts owed to group undertakings	14,540,483	17,897,789
Other loans	9,899,928	-
	<u>24,440,411</u>	<u>17,897,789</u>

Long term liabilities consist of loans due to related parties. These loans have been granted interest rates between 5% and 10%. The loans all mature within 5 years.

13. PROVISIONS FOR LIABILITIES

	31.12.21	31.12.20
	£	£
Deferred tax	<u>2,822</u>	-
		Deferred tax
		£
Charge to Statement of Comprehensive Income during year		<u>2,822</u>
Balance at 31 December 2021		<u>2,822</u>

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.21	31.12.20
Number:	Class:	Nominal value:	£	£
1	Ordinary	£1	1	1
8,551,947	Redeemable	£1	<u>4,840,947</u>	<u>8,551,947</u>
			<u>4,840,948</u>	<u>8,551,948</u>

3,571,000 Redeemable shares of £1 each were allotted and fully paid for cash at par during the year.

All shares carry the right to vote, participate in dividends declared and participate in any return of the capital of the Company.

The redeemable shares shall be redeemed in full if required by either the Company at any time or the occurrence of a Redemption Trigger Event in accordance with the Articles. There has not been such an event nor is one expected. Redeemable preference shares have therefore been classified as equity.

During the year 7,282,000 shares were redeemed at par.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

15. ULTIMATE PARENT COMPANY

Aurelius Equity Opportunities SE & Co. KGaA (incorporated in Germany) is regarded by the directors as being the company's ultimate parent company.

The immediate parent company is also Aurelius Equity Opportunities SE & Co. KGaA.

There is no one ultimate controlling party.

The Company is included in the group accounts prepared by the ultimate parent company, copies of which can be obtained from Ludwig-Ganghofer Stasse 6, 82031 Grunwald.

16. OTHER FINANCIAL COMMITMENTS

There is a revolving credit facility available until October 2023 for £3 million which has not been drawn down by the customer. This has not been provided for within these accounts as there is no certainty it will be utilized.

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

During the year a director was repaid £25,468 relating to a loan and £1,407 was paid relating to expenses.

18. RELATED PARTY DISCLOSURES

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Other related parties

At the year end there was a balance of £15,891,049 (2020: £nil) due to companies with significant influence over key management. During the year loans of £15,524,928 were issued, fees of £176,764 and interest of £711,364 were charged.

During the year, a total of key management personnel compensation of £ 324,955 was paid.

Key management personnel compensation relates to the directors remuneration.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

19. GOING CONCERN

It is the nature of a company carrying out the business of the granting of loans that some loans become irrecoverable. If some of these loans become irrecoverable (please see note 9 and note 10) the directors' assumption of going concern may no longer be valid. In adopting the Going Concern presumption, the directors have considered the impact of such events on the Company and have concluded that the Going Concern assumption is still appropriate.

The Company relies on the continued support of its parent Aurelius Equity Opportunities SE & Co KGaA. It is the intention of the company and its parent that it will continue to trade for at least twelve months from the date of the audit report. To this regard the parent company intends to offer such support as may be necessary to ensure this.

The coronavirus pandemic continued to impact the global economy in 2021. Other primary risks for the future development of the economy besides the coronavirus pandemic include possible geopolitical shocks and the uncertainty emanating from international trade conflicts.

The Aurelius management promptly analyses the situation of its portfolio companies in close consultation with the operating management teams of the group companies. The closeness to the group companies made it possible to devise and implement comprehensive action plans to protect the health of employees, minimise the risks to our business processes and soften the blow of the challenging external conditions at the different levels of holding companies and group companies.

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.