

Company registration number 10407229 (England and Wales)

**ASTUTE CAPITAL PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

# ASTUTE CAPITAL PLC

## COMPANY INFORMATION

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<b>Directors</b>	Timothy Mycock Adrian Francis Bloomfield
<b>Secretary</b>	D&A Secretarial Services Limited
<b>Company number</b>	10407229
<b>Registered office</b>	Salisbury House London Wall London EC2M 5PS
<b>Auditors</b>	MHA Chartered Accountants 2 London Wall Place London EC2Y 5AU

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# ASTUTE CAPITAL PLC

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# ASTUTE CAPITAL PLC

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

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### Introduction

On 1st June 2022, the board appointed Tim Mycock to join Astute Capital Plc to bolster the lending team in advance of raising further monies in accordance with the business plan, communicated to shareholders in early 2022. Tim has worked in real estate finance for the past 18 years and has previously led and grown real estate lending teams and therefore is an ideal candidate to join the board. Tim Mycock is responsible for establishing an institutional grade underwriting process and to focus on new deals going forwards.

In October 2022, Dave Symondson resigned from Astute Capital Plc and failed to serve out his agreed 3 month notice period. Dave was asked to produce a detailed report of the existing loans and to produce a detailed report to accompany this to allow a full handover to be conducted. The initial report received, lacked the level of detail required. When asked for this to be updated, a second spreadsheet was provided by Dave and his resignation immediately followed with legal letters not to contact him. The second spreadsheet also lacked the level of detail required, and therefore there was an incomplete handover.

It therefore led to a detailed review of each and every project to uncover what the latest position of each loan was, both from a financial and also a physical standpoint, which diverted resources away from achieving the businesses aims as previously communicated to shareholders.

### Business model and risk management framework

Astute Capital Plc was established in 2016 to raise funds through a £500M secured limited recourse bond programme, listed on Euronext Dublin in August 2017, formerly the Irish Stock Exchange and the Vienna and Frankfurt Stock Exchanges from September 2020. In March 2022 the company completed a debt-to-equity restructuring to enable it to reposition itself in the new post Covid economic environment, to provide senior debt development loans to the real estate market. Since the restructuring and the events outlined in the introduction above, significant resources have had to be focused on the existing loan book and in particular litigation. Resource has also had to be focused on dealing with a number of UK authorities following complaints from a small number of shareholders.

Every effort has been made to admit the business on to a stock exchange. Our listing agent and solicitors have worked tirelessly alongside the Directors of the business to achieve a listing as quickly as possible, however, the delays have predominantly been down to issues faced by the stock exchange post Brexit. The Directors are very hopeful these will be resolved in the short to medium term. Upon listing, the business will then seek to raise fresh capital in line with the business plan previously communicated to shareholders.

The company has a number of milestones it needs to achieve prior to fulfilling the new business plan, which includes listing and the successful recovery of loans currently going through litigation. Once achieved, it is anticipated that the board will review the current financial business plan at that time alongside market conditions. It is currently envisaged that loans will focus on senior real estate debt opportunities up to 70% LTV as well as real estate development loans up to 65% LTGDV/ 80% LTC. These loans will be for experienced investors, developers and property companies who focus on either traditional build-to-sell or build-to-rent exit routes or for the development/ investment of other property income producing assets, such as purpose-built student accommodation (PBSA) or hotels.

There is an experienced management team together with a well-respected advisory board made up of individuals who will act as its credit committee. Independent RICS valuations will be carried out on all loans using our panel of chartered surveyors, who will be experienced in valuing the type of assets being offered as security by borrowers.

### Financial Review

#### Loan Book

The net book value owed to Astute Capital PLC ("PLC") by Astute Capital Advisors ("ACA") as at 31st March 2023 is £1.01m and the restructuring of bondholders debt into equity, together with the loan book value now provides net assets of £0.677m. This will provide a stable platform to be able to raise fresh capital and secure institutional funding. This in turn will enable the delivery of the company's new strategy that will result in shareholders achieving a competitive return on their capital, subject to the points made earlier in this report. The loan book has experienced significant impairment in the recent period.

The company forecasts that it will have facilities drawn down of £490m by the end of year 3, rising to £1,270m in year 5. Astute Capital PLC acquired the entire share capital of ACA on 31st March 2023 in order to take full control of the business and in turn its loan book.

# **ASTUTE CAPITAL PLC**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Principal risks and uncertainties**

#### **Credit risk of related parties**

The proceeds raised by the PLC through its bond issuance programme have been used by ACA to fund its lending activities with a focus on providing funding to third party borrowers with credit risk inherent to its lending activities.

The company will look to operate through PLC solely, no collateral manager being required within the new business model. The collateral management agreement was terminated on the 31st March 2023.

The principal risk management exercise is to ensure that the credit quality of asset loans is equal to or better than market standards whilst ensuring our security and legal structure of each asset loan provides maximum protection.

All ACA underlying borrowers that met the criteria required by collateral manager at the time loans were made have undergone a detailed review. This review concluded that our loan book would suffer some impairment and a write down be included within our accounts. After the write down the loan book value is £1.01m. ACA continues to provide close oversight of the assets and is maintained, right up to redemption of the facility.

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

#### **Possible exposure to fraud**

ACA is exposed to possible fraud by borrowers, their professional advisers, as well as by employees. ACA 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 - Litigation**

With any form of litigation there is no certainty of a positive outcome until judgement is passed. We have sought legal counsel and advice in order to advise the board to mitigate this risk.

#### **Liquidity Risk**

Factors that could affect the company's ability to raise fresh capital or secure institutional funding would create a significant liquidity risk for the company. Further adverse changes to market conditions could also affect the value of secured assets and impact the company's loan book.

#### **Interest Rate Risks**

Rising interest rates have a significant impact to the UK economy, which is acutely felt in real estate. Fortunately, as per the business plan, all rate increases would be passed on to borrowers from our institutional financing. We aim to provide a competitive offering to the market, but there is a risk that if base rate/ SONIA increases too high that the real estate industry will simply stall as real estate schemes will become financially unviable. Interest rate risks could also impact our loan book whereby debt has been secured from 3rd party lenders.

# **ASTUTE CAPITAL PLC**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **UK property market**

It is the company's belief that, due to the current high inflation, there are severe pressures on businesses and occupiers to keep costs down including property costs and there must be a knock-on effect on occupational demand. Weakening demand is likely to impact on property values in most sectors.

On 2nd August 2023 the Bank of England's Monetary Policy Committee (MPC) increased the base rate to 5.25%. This is the highest rate for 14 years. Global growth is expected to be stronger than projected in the February Monetary Policy Report, and core consumer price inflation in advanced economies has remained elevated. Wholesale gas futures and oil prices have fallen materially. The MPC will adjust Bank Rate as necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit.

There have been large and volatile moves in global financial markets, in particular since the failure of Silicon Valley Bank and in the run-up to UBS's purchase of Credit Suisse and reflecting market concerns about the possible broader impact of these events. Overall, government bond yields are broadly unchanged and risky asset prices are somewhat lower than at the time of the Committee's previous meeting.

The Bank of England's Financial Policy Committee (FPC) has briefed the MPC about recent global banking sector developments. The FPC judges that the UK banking system maintains robust capital and strong liquidity positions and is well placed to continue supporting the economy in a wide range of economic scenarios, including in a period of higher interest rates. Therefore, the company's assessment is that the UK banking system remains resilient.

Reflecting these developments, bank wholesale funding costs have risen in the United Kingdom and other advanced economies. The MPC will continue to monitor closely any effects on the credit conditions faced by households and businesses, and hence the impact on the macroeconomic and inflation outlook.

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

The company must now reach important milestones before it can commence its senior debt lending activities as per the new business model. These milestones include but are not limited to:

1. The listing/ admitting of the business on a Stock Exchange
2. Successful outcomes of its current legal proceedings
3. Procuring institutional funding and further fresh equity into the business

On behalf of the board

**Adrian Francis Bloomfield**

Director

1 November 2023

# ASTUTE CAPITAL PLC

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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Astute Capital Plc was incorporated in England on 3 October 2016 as a Private Limited Company and converted to a Public 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 2022 to 31st March 2023.

On 6 May 2021 the FCA posted an alert on its website which although only stated that Astute Capital Plc was not regulated, affected the company's ability to raise capital and operate normally. Following the debt-to-equity restructure, PLC wrote to the FCA to update it and provide all information relating to the restructure and its new business model. On 2 August 2022 the FCA confirmed that after a thorough analysis of all the information provided it was satisfied that Astute was not in breach of its regulations and removed the alert.

An impairment review of the loan book in Astute Capital Advisors Ltd (ACA) has led to a charge in the profit and loss account of £1.35m.

#### Directors

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

Adrian David Symondson	(Resigned 16 October 2022)
Adrian Francis Bloomfield	
Timothy Ian Mycock	(Appointed 1 June 2022)

#### Financial instruments

##### 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.

##### Credit risk

Credit risk is the risk of financial loss to the Company if a borrower or counterparty to a financial instrument and/or loan fails to meet its contractual obligations. 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. There has been one new loan during the period by Astute Capital Plc, which has been repaid in full.

ACA provided funding to borrowers from time to time in accordance with its existing lending criteria. The strategy moving forward is to secure an institutional funding line to provide senior debt development loans so that we can take advantage of the pipeline of senior debt loans currently secured.

The board is made up of individuals who will act as its credit committee. Independent valuations will be provided by our panel of RICS valuers who will be experienced in valuing the type of assets being offered as security by borrowers together with institutional grade solicitors and RICS quantity surveyors to also provide independent professional advice.

# ASTUTE CAPITAL PLC

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Market risk**

It is the company's belief that, due to the current high inflation, there are severe pressures on businesses and occupiers to keep costs down including property costs and there must be a knock-on effect on occupational demand. Weakening demand is likely to impact on property values in most sectors.

On 2nd August 2023 the Bank of England's Monetary Policy Committee (MPC) increased the base rate to 5.25%. This is the highest rate for 14 years. Global growth is expected to be stronger than projected in the February Monetary Policy Report, and core consumer price inflation in advanced economies has remained elevated. Wholesale gas futures and oil prices have fallen materially. The MPC will adjust Bank Rate as necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit.

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### **Post balance sheet events**

Astute are currently working with its professional advisors on the listing of its shares on the Cyprus Stock Exchange.

In September 2023 Astute Capital Plc along with Astute capital Advisors partially settled its High Court claims and litigation (settled with 2 of 5 defendants) for sums received by Country large 444 Ltd in part redemption of Astute's loan to Finlaw Property Ltd. This settlement amounts to £750k. Astute Capital Plc along with Astute capital Advisors continue to pursue its claims against Finlaw Property Ltd and its two directors (for full loan amount plus interest and costs) with a 7 day trial now listed to start in a 5 day window from 18 November 2024.

### **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.



# **ASTUTE CAPITAL PLC**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **Corporate governance**

The Directors of the Company are listed above. The Directors are responsible for the day-to-day management of the Company and are responsible for the financial control, management, accounting and reporting functions of the Company.

The Company recognises the importance of and is committed to high standard of corporate governance. As a Company that is not yet listed the Company is not required to comply with the provisions of the UK Corporate Governance Code. However, in the interests of observing best practice on corporate governance, the Company on listing will observe the requirements of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), insofar as is appropriate having regard to the size and nature of the Company and the composition of the Board. A copy of the QCA Code is available at [qca.com](http://qca.com).

The board of the Company meet regularly to direct the overall strategy and operations of the Company with the aim of delivering shareholder value. Board meetings cover key areas of the Company's affairs including overall strategy, approval of budgets, major capital expenditure and significant transactions and financing issues. The board is responsible for the effectiveness of the Company's risk management and internal control systems. The board believes these are working effectively, but recognises the ongoing need for identification, evaluation and management of significant risks.

Outside of the scheduled meetings, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Company or their areas of responsibility, and to keep them fully briefed on the Company's operations.

The Company does not have a Nomination Committee at present. The appointment of new Directors is made by the board as a whole. This is considered reasonable for a Company of this size. The requirement for a Nomination Committee will be considered on an ongoing basis.

The Company has not adopted a formal policy on diversity; however, it is committed to a culture of equal opportunities for all, regardless of age, race or gender.

There is currently no internal audit function within the Company. The Directors consider this is appropriate of a Company of this size. An audit committee will be implemented upon listing and the appointment of an auditor is made by the board as a whole.

# **ASTUTE CAPITAL PLC**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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#### **Going Concern**

Following the sudden resignation of the Managing Director, Adrian David Symondson (Dave Symondson), from the business in October 2022, the remaining Directors and management team, commenced an immediate review of all existing loans that fell under Dave Symondson's responsibility. Due to his failure to provide the board with adequate reporting and a formal handover of his responsibilities upon exit, all resources were diverted to focusing on the existing loan book.

The current position of the review of the existing loan book confirms the reason for multiple loans becoming litigious and, in some cases, severely or totally impaired was predominantly due to mismanagement. Whilst an enormous amount of work has gone into this review to date, this is still ongoing, due to the comprehensive and complex nature of these loans.

As part of our going concern review, we have 2 main factors affecting cash inflows over the next 12 months, these are:

1. Litigation in relation to the loan to Finlaw Property Ltd
2. The receipts of proceeds from a non-performing loan

Astute instructed top 10 UK&I chartered accountancy firm, PKF, to carry out a thorough and independent review of our business model and provide a market valuation of our business based on this revised model. After this robust review, PKF Accountants valued the business at £55m as at 31 March 2022 as well as projected values of £87.5m in year 3, £122.5m in year 4 and £145m in year 5.

Due to the restructure, we now have a positive balance sheet which will be the platform to assist us in securing institutional funding for which we have already instructed Cambridge Wilkinson, a leading global investment bank based in New York, to act on our behalf to secure the required funding.

On 2 August 2022 the FCA confirmed that after a thorough analysis of all the information provided it was satisfied that Astute was not in breach of its regulations and removed the alert. Between September and November 2022, the UK economy suffered a significant financial downturn as well as the Bank of England increasing its base rate at the highest rate increase in over 30 years. Astute Capital Plc restructured its business and proposed a new business model in March 2022 due to both its own financial circumstances and UK and Global economic instability. It was clear some form of a downturn was approaching in the UK but impossible to know when, however, the restructuring was based on it happening within the next 12 months. The new business model and forecasts used by PKF for the independent valuation clearly show no income in the year ending March 2023 as PLC forecasted a worst-case scenario of launching its new senior debt business model in April 2023.

The Company incurred a loss of £1,599,738 in the year, and based on forecasted cash inflows resulting from loan repayments, the management expect that the company will continue as a going concern for the next 12 months. However, the Board acknowledges that there is a material uncertainty which could give rise to significant doubt over the Company's ability to continue as a going concern as the timing of these cash receipts is uncertain.

In conclusion, despite material uncertainty, based on all the above we are satisfied that the entity is a going concern.

#### **Dividends**

No dividends were declared or paid in the year (2022 - £69,182).

#### **Independent 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. The auditors, MHA, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

# ASTUTE CAPITAL PLC

## DIRECTORS' RESPONSIBILITIES STATEMENT

**FOR THE YEAR ENDED 31 MARCH 2023**

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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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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 the apply them consistently;
- state whether applicable IFRS, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements ad accounting estimates that are reasonable and prudent; and
- 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.

On behalf of the board

Adrian Francis Bloomfield

**Director**

1 November 2023

# ASTUTE CAPITAL PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTUTE CAPITAL PLC

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### Opinion

We have audited the financial statements of Astute Capital Plc (the "Company") for the year ended 31 March 2023, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as adopted by the United Kingdom ("UK adopted IFRSs").

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and the Company's loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards as adopted by the United Kingdom ("UK adopted IFRSs"); and
- 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.

### Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Company incurred a loss of £1,599,738 and is expecting cash inflows resulting from loan repayments. However, the events and timing of these cash receipts which are key to the business operation for the foregoing period are uncertain. As stated in note 1.2, these events or conditions, along with the other matters as set forth in the strategic report, 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 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.

# ASTUTE CAPITAL PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ASTUTE CAPITAL PLC

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### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 set out on page xx, 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 the 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.

## **ASTUTE CAPITAL PLC**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF ASTUTE CAPITAL PLC**

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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.
- 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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance our engagement letter. 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, (Senior Statutory Auditor)**

For and on behalf of MHA, Statutory Auditor  
London, United Kingdom

2 November 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

# ASTUTE CAPITAL PLC

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Revenue	4	260	2,410
Cost of sales		(70)	(2,108)
<b>Gross profit</b>		190	302
Bad debt written-off	10	-	(14,715)
Administrative expenses	5	(439)	(526)
<b>Operating loss</b>		(249)	(14,939)
Expected credit loss	10	(1,351)	(5,354)
<b>Loss before taxation</b>		(1,600)	(20,293)
Income tax expense	7	-	-
<b>Loss and total comprehensive income for the year</b>		(1,600)	(20,293)
<b>Loss per share</b>	9		
Basic		(0.28)	(45.07)
<b>Loss per share from continuing operations</b>			
Basic		(0.28)	(45.07)

The income statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 16 to 30 form part of these financial statements.

# ASTUTE CAPITAL PLC

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
<b>Non-current assets</b>			
Other receivables	10	-	987
<b>Current assets</b>			
Trade and other receivables	10	1,014	1,104
Cash and cash equivalents	12	6	33
		1,020	1,137
<b>Current liabilities</b>			
Trade and other payables	14	343	163
<b>Net current assets</b>		677	974
<b>Net assets</b>		677	1,961
<b>Equity</b>			
Called up share capital	15	50	50
Preference shares	16	22,520	22,204
Accumulated Loss		(21,893)	(20,293)
<b>Total equity</b>		677	1,961

The notes on pages 16 to 30 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 1 November 2023 and are signed on its behalf by:

Adrian Francis Bloomfield  
**Director**

**Company registration number 10407229**



# ASTUTE CAPITAL PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Preference shares	Accumulated Loss	Total
	Notes	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2021</b>		50	-	69	119
Loss -		-	-	(20,293)	(20,293)
Other comprehensive income -					
Transactions with owners in their capacity as owners:					
Issue of preference shares -	15	-	22,204	-	22,204
Dividends -	8	-	-	(69)	(69)
<b>Balance at 31 March 2022</b>		50	22,204	(20,293)	1,961
Loss -		-	-	(1,600)	(1,600)
Other comprehensive income -		-	-	-	-
Transactions with owners in their capacity as owners:					
Issue of preference shares -	15	-	316	-	316
<b>Balance at 31 March 2023</b>		50	22,520	(21,893)	677

The notes on pages 16 to 30 form part of these financial statements.

# ASTUTE CAPITAL PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	21		(343)		2,053
<b>Net cash (outflow)/inflow from operating activities</b>			(343)		2,053
<b>Financing activities</b>					
Proceeds from issue of shares		316		-	
Dividends paid		-		(69)	
Coupon payments		-		(1,958)	
<b>Net cash generated from/(used in) financing activities</b>			316		(2,027)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(27)		26
Cash and cash equivalents at beginning of year			33		7
Cash and cash equivalents at end of year			6		33

The notes on pages 16 to 30 form part of these financial statements.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

#### **Company 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.

#### **1.1 Compliance with International Financial Reporting Standards**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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 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 thousand.

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

The company is exempt from preparing consolidated accounts as it is classified as a small group under Section 399(2) of the Companies Act 2006.

#### **1.2 Business combinations**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

##### 1.3 Going concern

Following the sudden resignation of the Managing Director, Adrian David Symondson (Dave Symondson), from the business in October 2022, the remaining Directors and management team, commenced an immediate review of all existing loans that fell under Dave Symondson's responsibility. Due to his failure to provide the board with adequate reporting and a formal handover of his responsibilities upon exit, all resources were diverted to focusing on the existing loan book.

The current position of the review of the existing loan book confirms the reason for multiple loans becoming litigious and, in some cases, severely or totally impaired was predominantly due to mismanagement. Whilst an enormous amount of work has gone into this review to date, this is still ongoing, due to the comprehensive and complex nature of these loans.

As part of our going concern review, we have 2 main factors affecting cash inflows over the next 12 months, these are:

1. Litigation in relation to the loan to Finlaw Property Ltd
2. The receipts of proceeds from a non-performing loan

Astute instructed top 10 UK&I chartered accountancy firm, PKF, to carry out a thorough and independent review of our business model and provide a market valuation of our business based on this revised model. After this robust review, PKF Accountants valued the business at £55m as at 31 March 2022 as well as projected values of £87.5m in year 3, £122.5m in year 4 and £145m in year 5.

Due to the restructure, we now have a positive balance sheet which will be the platform to assist us in securing institutional funding for which we have already instructed Cambridge Wilkinson, a leading global investment bank based in New York, to act on our behalf to secure the required funding.

On 2 August 2022 the FCA confirmed that after a thorough analysis of all the information provided it was satisfied that Astute was not in breach of its regulations and removed the alert. Between September and November 2022, the UK economy suffered a significant financial downturn as well as the Bank of England increasing its base rate at the highest rate increase in over 30 years. Astute Capital Plc restructured its business and proposed a new business model in March 2022 due to both its own financial circumstances and UK and Global economic instability. It was clear some form of a downturn was approaching in the UK but impossible to know when, however, the restructuring was based on it happening within the next 12 months. The new business model and forecasts used by PKF for the independent valuation clearly show no income in the year ending March 2023 as PLC forecasted a worst-case scenario of launching its new senior debt business model in April 2023.

In conclusion, and in conjunction with the audit opinion, based on all the above we are satisfied that the entity is a going concern.

The Company incurred a loss in the year of £1,599,738, and based on forecasted cash inflows resulting from loan repayments, the management expect that the company will continue as a going concern for the next 12 months. However, the Board acknowledges that there is a material uncertainty which could give rise to significant doubt over the Company's ability to continue as a going concern as the timing of these cash receipts is uncertain.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.4 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The company recognises revenue from the following major sources:

- Interest income

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

##### **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 time 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.

#### 1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.6 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### **Financial assets at fair value through profit or loss**

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### **Financial assets held at amortised cost**

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets carried at amortised cost are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.7 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.8 Equity instruments

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

### 1.9 Taxation

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

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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.

#### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.11 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IAS 1 (revised) - Presentation of Financial Statement

These amendments revise the requirements for the presentation of the financial statements. This does not impact the company's reported position.

#### Change in accounting policy

The company has applied IFRS for the first time using the fully retrospective approach and has therefore restated the comparative financial information.

There were no recognition or measurement differences between FRS102 and IFRS in relation to the assets and liabilities of Astute Capital PLC at the time of transition. As such, the balances have not been restated and no transition analysis has been disclosed.

The company's accounting policies for the year ended 31st March 2023 are disclosed in note 1.

The amount of adjustment for each financial statement line affected by the application of IFRS is illustrated below.

	31 March 2022 UK GAAP £'000	31 March 2022 Restatement £'000	31 March 2022 IFRS £'000
<b>Non-current assets</b>			
Other receivables	873	114	987
<b>Current assets</b>			
Trade and other receivables	5,463	(4,359)	1,104
Cash and cash equivalents	33	-	33
	5,496	(4,359)	1,137
<b>Current liabilities</b>			
Trade and other payables	(148)	(15)	(163)
<b>Net current liabilities</b>	5,348	(4,374)	974
<b>Net assets</b>	6,221	(4,260)	1,961
<b>Equity</b>			
Called up share capital	50	-	50
Preference shares	22,204	-	22,204
Retained loss	(16,033)	(4,260)	(20,293)
<b>Total equity</b>	6,221	(4,260)	1,961



# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 2 Adoption of new and revised standards and changes in accounting policies

(Continued)

#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted):

Amendments to IFRS 17	Insurance Contracts – measurement of insurance liabilities (applicable for the period starting on or after 1 January 2023)
Amendments to IAS 1	Presentation of Financial Statements – further disclosure requirements including additional detail around accounting policies (applicable for the period starting on or after 1 January 2023)
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates (applicable for the period starting on or after 1 January 2023)

The Directors have assessed the impact of these accounting changes on the company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the company's Financial Statements.

There are no other UK adopted international accounting standards (IFRSs) that are effective for the first time in this financial year that would be expected to have a material impact on the company.

### 3 Critical accounting estimates and judgements

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, 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.

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

#### Critical judgements

##### 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.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 4 Revenue

An analysis of the company's revenue is as follows:

	2023 £'000	2022 £'000
<b>Revenue analysed by class of business</b>		
Interest income	260	2,410
	<u>260</u>	<u>2,410</u>

	2023 £'000	2022 £'000
<b>Revenue analysed by geographical market</b>		
UK	260	2,410
	<u>260</u>	<u>2,410</u>

The amount represents interest received and accrued under the Collateral Management Agreement on funds advanced of £2.365m (2022 - £21,173k) at a fixed interest rate of 11.75% (2022 - 11.75%).

### 5 Administrative Expense

	2023 £'000	2022 £'000
Client Services and administration fees	267	150
Legal and professional	139	59
Wages and salaries	-	267
Fees payable to the company's auditor for the audit of the company's financial statements	33	49
Other administrative expenses	-	1
	<u>439</u>	<u>526</u>
Total administrative expenses	<u>439</u>	<u>526</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Directors	2	2
	<u>2</u>	<u>2</u>

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	-	234
Social security costs	-	33
	<u>-</u>	<u>267</u>
	<u>-</u>	<u>267</u>

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 6 Employees (Continued)

#### Directors

Adrian Bloomfield received Directors consultancy fees totaling £48,103 (2022 - £41,078) in the year and Adrian Symondson received Directors consultancy fees of £8,333 (2022 - £45,833) through Jellicoe Ltd. Timothy Mycock received Directors consultancy fees totaling £31,000 (2022 - £nil).

### 7 Income tax expense

	2023 £'000	2022 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-

The charge for the year can be reconciled to the loss per the income statement as follows:

	2023 £'000	2022 £'000
Loss before taxation	(1,600)	(20,293)
Expected tax credit based on a corporation tax rate of 19.00% (2022: 19.00%)	(304)	(3,856)
Unutilised tax losses carried forward	304	3,856
<b>Taxation charge for the year</b>	-	-

### 8 Dividends

	2023 per share £	2022 per share £	2023 Total £'000	2022 Total £'000
Amounts recognised as distributions:				
<b>Ordinary shares</b>				
Final dividend paid	-	1.38	-	69

### 9 Loss per share

	2023 Number	2022 Number
<b>Number of shares</b>		
Weighted average number of ordinary shares for basic earnings per share	45,336,255	45,020,665
<b>Loss</b>		
<b>Continuing operations</b>		
Loss for the period from continued operations	(1,600)	(20,293)

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9	Loss per share	(Continued)	
		2023	2022
		Pence per share	Pence per share

### Basic and diluted loss per share

From continuing operations	(0.28)	(45.07)
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Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

There was a share split that happened in 2022 prompting the units from 50,000 to 16,999,684.

10	Trade and other receivables	2023	2022
		£'000	£'000
<b>10.1 Non-current</b>			
	Collateral interest owed by collateral manager	-	987
		-	987
<b>10.2 Current</b>			
	Loans to collateral manager	2,365	21,173
	Write off	-	(14,715)
	Less: IFRS 9 Expected Credit Loss	(1,351)	(5,354)
		1,014	1,104

Amounts owed by related parties comprise of loans to the collateral manager of £1,014k (2022 - £2,090k) (see note 16 for further details).

Loans to the collateral manager represent were contractually due for repayment one month prior to the relevant bond series redemption date. The bonds, with accrued interest relating to the bonds have now been converted to shares, which means they no longer have a redemption date.

Collateral interest owed by the collateral manager is interest accrued on the loans advanced to the Collateral Manager under the CMA. The collateral agreement was terminated by both parties on the 31 March 2023. Astute Capital PLC acquired 100% of the shares in Astute Capital Advisors Ltd on the 31st March 2023. £1,351m of loans to Astute Capital Advisors Ltd, the collateral manager, were impaired in the year.

## 11 Trade receivables - credit risk

### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 11 Trade receivables - credit risk (Continued)

Expected credit loss assessment	Balance	Expected loss rate	Loss allowance
	£'000	%	£'000
<b>Loans and advances 2023</b>			
Loans to collateral manager	2,365	57	1,351
	<u>2,365</u>		<u>1,351</u>

Expected credit loss assessment	Balance	Expected loss rate	Loss allowance
	£'000	%	£'000
<b>Loans and advances 2022</b>			
Loans to collateral manager	21,173	95	20,069
	<u>21,173</u>		<u>20,069</u>

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for impairment of trade receivables	2023 £'000	2022 £'000
Brought forward	5,354	-
Additional allowance recognised	1,351	5,354
Balance	<u>6,705</u>	<u>5,354</u>

### 12 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	6	33
	<u>6</u>	<u>33</u>

### 13 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 14 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	274	71
Accruals	50	57
Social security and other taxation	12	12
Other payables	7	23
	<u>343</u>	<u>163</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 196 days. For most suppliers no interest is charged on amounts payable for the first 30 days after the date of the invoice. Thereafter, interest is charged at various rates. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

### 15 Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of 0.29412p each	<u>16,999,864</u>	<u>16,999,864</u>	<u>50</u>	<u>50</u>

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.

The new ordinary shares have a nominal value of £0.0029412 and are called up and fully paid. They carry voting, capital repayment and dividend distribution rights.

On 31 March 2022 the 50,000 Ordinary shares of £1 each were sub-divided into 16,999,864 Ordinary shares of £0.0029412 each.

### 16 Preference shares

	2023 £'000	2022 £'000
At the beginning of the year	22,204	-
Issue of new shares	<u>316</u>	<u>22,204</u>
At the end of the year	<u>22,520</u>	<u>22,204</u>

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2023**

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### **16 Preference shares**

**(Continued)**

Preference shares were issued in prior year and the current financial year which do not carry voting rights, but carry a liquidation priority in the event of liquidation or sale of the company.

These preference shares are held by the original bondholders as well as new investors as part of the restructuring of bondholders debt into equity.

On the 31st March 2022 28,020,321 preference shares were allocated (bondholders conversion) at £0.0029412 each. During this financial year, 316,070 preference share were issued at £0.0029412 each.

The B shares do not carry voting rights, but carry liquidation priority in the event of liquidation or sale of the company.

### **17 Capital risk management**

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, cash and cash equivalents and equity comprising share capital, reserves and retained earnings. The company reviews the capital structure annually and as part of this review considers that cost of capital and the risks associated with each class of capital.

The company is not subject to any externally imposed capital requirements.

### **18 Events after the reporting date**

In April 2023, the classes of shares changed names from Ordinary to Ordinary B and Ordinary B to Ordinary A.

Astute are currently working with its professional advisors on the listing of its shares on the Cyprus Stock Exchange.

In September 2023 Astute Capital Plc along with Astute Capital Advisors partially settles its High Court claims and litigation (settles with 2 of 5 defendants) for sums received by Country Large 444 Ltd in part redemption of Astute's loan to Finlaw Property Ltd. This settlement amounts to £750k. Astute Capital Plc along with Astute Capital Advisors continue to pursue its claims against Finlaw Property Ltd and its two directors (for loan amount plus interest and costs) with a 7 day trial now listed to start in a 5 day window from 18 November 2024.

# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 19 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 Salisbury House, London Wall, London, EC2M 5PS. 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 11.75% (2022 – 11.16%) to Astute Capital Plc in respect of funds provided for the purpose of entering into borrower loans on behalf of the Company up to the termination of the collateral management agreement on the 31st March 2023.

The amounts owed from Astute Capital Advisors Ltd at the year-end consisted of £1.7m (2022 - £1.2m) of monies lent to it under the CMA and associated interest on those funds. These figures include amounts relating to expenditure incurred by the Astute Capital Plc on Astute Capital Advisors Ltd's behalf.

##### *Other related party transactions*

Within administration costs there Adrian Bloomfield received Directors consultancy fees totaling £48,103 (2022 - £41,078) in the year and Adrian Symondson received consultancy fees of £8,333 (2022 – £45,833) through Jellicoe Ltd. Timothy Mycock received consultancy fees of £31,000 (2022 - £nil). There are fees of £20,000 (2022 - £nil) paid to ~~Subsidiaries~~ **Subsidiaries**, a company owned by Richard Symonds.

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct
Astute Capital Advisors Ltd	United Kingdom	Real Estate Lending	Ordinary	100.00

During the year, Astute Capital PLC acquired a 100% shareholding in Astute Capital Advisors Limited on the 31st March 2023.

The investments in subsidiaries are all stated at cost, totalling £3.



# ASTUTE CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

### 20 Ultimate controlling party

The controlling party was until 28 March 2022, 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 until they were replaced by Adrian Bloomfield and Richard Symonds.

From 28 March 2022 control changed to the Trustees of the RSMB Trust Fund after they acquired the shares from the trust. Upon consent to the debt to equity conversion by the Bondholders on 31 March 2022 the Trustees of the RSMB Trust Fund remained the controlling party with more than 50% of the voting rights of the company with no other party with more than 5% of voting rights.

### 21 Cash (absorbed by)/generated from operations

	2023 £'000	2022 £'000
Loss for the year before income tax	(1,600)	(20,293)
<b>Adjustments for:</b>		
Loan write off	-	14,715
Loan impairment	1,351	5,354
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(274)	60
Increase in contract liabilities	-	1,168
Increase in trade and other payables	180	1,049
<b>Cash (absorbed by)/generated from operations</b>	<b>(343)</b>	<b>2,053</b>

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.