

# Astute Capital PLC

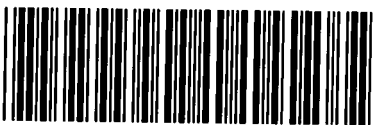
Interim Report and Financial Statements

For The Six Months To

30 September 2018

Company Number 10407229

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# Astute Capital PLC

Interim report and financial statements  
for the six months to 30 September 2018

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### Directors

Mr. Moncrieff  
Mr. [unclear]

### Company Secretary

Mr. [unclear] Serial Services Limited

### Registered Office

100 [unclear] Street, Mayfair, London, W1K 4QG

### Company Number

# Astute Capital PLC

Interim report  
for the six months to 30 September 2018

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## Chairman's statement

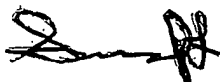
I am pleased to report on our interim results for the six months ended 30 September 2018.

Astute Capital Plc is a special purpose vehicle raising finance through a £500M secured limited recourse bond programme, listed on the Irish Stock Exchange. The funds raised are advanced to the Company's collateral manager TAR Asset Management Limited, an alternative finance provider to challenger banks in the secured lending space.

TAR Asset Management Limited operates under a collateral management agreement and deals with loan origination, approval and entering into borrower loans on behalf of Astute Capital PLC. Through TAR Asset Management Limited, we are developing our customer service team to make sure we give unrivalled customer service to our potential and existing customers. We have opted to position our service team in Leeds City Centre as opposed to London as we believe there is an exceptional talent pool in the city along with reduced operating costs as compared to London. This will enable us to keep our cost base low, allowing us to be competitive on our lending side.

Our aim is to provide investors with a higher rate of interest on their savings, with TAR Asset Management Limited simultaneously providing funds to borrowers with debt facilities required to support their business needs.

Our interim results for the period ended 30 September 2018 show a loss of £0.2M after raising £8.1M under the Astute Capital bond programme with £4.7M loans advanced to TAR Asset Management Limited and net cash at bank of £1.8M. The introductory page to these interim results summarises the main highlights.



Chairman  
Alistair Moncrieff

## Financial highlights

### Bond Programme

In March 2018 Astute Capital PLC successfully launched its £500M secured limited recourse bond issuance programme, listed on the Irish Stock Exchange.

As at 30 September 2018, the Company had issued £8,083K of bonds under its bond issuance programme including £3.017K of bonds completing its £3M 7.5% Series 1 bonds due 30 September 2020, £2,215K of bonds under its £3M 7.5% Series 2 bonds due 30 September 2021 and £2.851K of bonds under its £3M Series 3 bonds due 25 September 2021.

A total of £201K interest expense was accrued in respect of the bonds issued during the six months ended 30 September 2018.

### Loans advanced to TAR Asset Management Limited

As at 30 September 2018, Astute Capital PLC has advanced a total of £4,999K to its collateral manager TAR Asset Management Limited for the purposes of providing loans to borrowers, of which £252K had been repaid as of that date.

A total of £77K interest income was earned in respect of the loans advanced during the six months ended 30 September 2018.

# Astute Capital PLC

Interim report  
for the six months to 30 September 2018

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Key performance indicators at 30 September 2018:

		£'000
Initiated Bond programme	(100.0%)	500,000
Bonds issued	(1.6%)	8,083
Of which:		
Loans advanced to TAR	(61.8%)	4,999

# Astute Capital PLC

## Statement of Comprehensive Income for the six months ended 30 September 2018

	Note	6 months to 30 September 2018 (Unaudited) £'000
Administrative expenses		(68)
<b>Operating loss</b>		<b>(68)</b>
Interest receivable and similar income	4	77
Interest payable and similar expenses	5	(201)
<b>Loss on ordinary activities before taxation</b>		<b>(192)</b>
Taxation on loss	6	-
<b>Loss for the period</b>		<b>(192)</b>
<b>Total comprehensive loss for period</b>		<b>(192)</b>
<b>Loss for the period attributable to:</b>		
Owners of the Company		(192)
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company		(192)
		<b>(192)</b>

The notes on pages 7 to 14 form part of these financial statements

# Astute Capital PLC

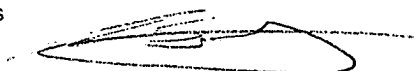
## Statement of Interim Financial Position at 30 September 2018

Company number 10407229	Note	6 months to 30 September 2018 (Unaudited) £'000	6 months to 30 September 2018 (Unaudited) £'000
<b>Non-current assets</b>			
Debtors	7		1,237
<b>Current assets</b>			
Debtors	7	4,985	
Cash		1,774	
		6,759	
<b>Creditors: amounts falling due within one year</b>	8	(246)	
		6,513	
<b>Net current assets</b>			6,513
<b>Total assets less current liabilities</b>			7,750
<b>Creditors: amounts falling due after more than one year</b>	9		(8,022)
			(272)
<b>Net liabilities</b>			(272)
<b>Capital and reserves</b>			
Called up share capital	10		50
Profit and loss account			(322)
<b>Equity attributable to owners of the Company</b>			(272)

The financial statements were approved by the Board of Directors and authorised for issue on

Alistair Charles Moncrieff  
Director

Richard Symonds  
Director



The notes on pages 7 to 14 form part of these financial statements

## Astute Capital PLC

### Statement of changes in equity for the six months ended 30 September 2018

	6 months to 30 September 2018 (Unaudited) £'000	6 months to 30 September 2018 (Unaudited) £'000	6 months to 30 September 2018 (Unaudited) £'000
1 April 2018 (audited)	50	(130)	(80)
Loss for the period	-	(192)	(192)
Total comprehensive loss for the period	-	(322)	(272)
Total Transactions with owners	-	-	-
30 September 2018 (unaudited)	50	(322)	(272)

The notes on pages 7 to 14 form part of these financial statements.

# Astute Capital PLC

## Statement of cash flows for the six months ended 30 September 2018

	6 months to 30 September 2018 (Unaudited) £'000
<b>Cash flows from operating activities</b>	
Loss for the financial year	(192)
Adjustments for:	
(increase) in debtors	(1419)
Increase in creditors	19
interest payable and similar expenses	169
	<hr/>
	(1483)
Bond proceeds	6,922
Loans advanced	(4,999)
Loans repaid	252
	<hr/>
<b>Net cash generated from operating activities</b>	<b>692</b>
	<hr/>
Net increase/(decrease) in cash and cash equivalents	692
Cash and cash equivalents at beginning of period	1,082
	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>1,774</b>
	<hr/> <hr/>
<b>Cash and cash equivalents comprise:</b>	
Cash	1,774
Cash equivalents	-
	<hr/>
	<b>1,774</b>
	<hr/> <hr/>

The notes on page 7 to 14 form part of these financial statements.



# Astute Capital PLC

Notes forming part of the financial statements  
for the six months ended 30 September 2018

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## 1 Accounting policies

Astute Capital PLC is a public Company limited by shares and incorporated in the United Kingdom on 3 October 2016. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Interim Report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, however they do not include all of the disclosures that may be required under those accounting standards.

The functional and presentational currency in the Company is GBP. The financial statements have been rounded to the nearest thousand.

The accounting policies adopted in the financial information are consistent with those expected to be adopted in the Company's financial statements for the year ended 31 March 2019 and are unchanged from those used in the Company's financial statements for the year ended 31 March 2018.

Comparative financial information has not been included to the financial statements for the six months ended 30 September 2018 as the company did not trade during the comparative financial period. The financial statements for the six months ended 30 September 2018 have not been audited.

### *Financial assets*

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

### *Finance costs*

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### *Interest Income*

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

### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

# Astute Capital PLC

Notes forming part of the financial statements  
for the six months ended 30 September 2018 (continued)

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## *Current and deferred taxation (continued)*

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.)

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## *Reserves*

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents the cumulative profits or losses, net of dividends paid and other adjustments.

## *Basis of preparation*

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

During the financial period ended 30 September 2018 the Company recorded a loss for the period of £192K. The financial period covers the start of trading for the Company and the loss for the period is consistent with the directors expectations for a newly commenced business.

The directors are confident that the Company will be successful going forward as it develops the scale of its activities. The directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have prepared the financial statements on a going concern basis.

## **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period.

Although these estimates are based on management's best assessment of the outcome, actual results may ultimately differ from those estimates. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

# Astute Capital PLC

Notes forming part of the financial statements  
for the six months ended 30 September 2018 (continued)

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

### Deferred tax

The largest element of the potential deferred tax asset represents the future tax impact of carried-forward tax losses which will reduce the payment of future tax. This element of the potential deferred tax asset requires management judgement in assessing its recoverability.

Accounting standards permit the recognition of a deferred tax asset to the extent that it is probable, more likely than not, that future taxable profits will be available to utilise the tax losses carried forward. The Company has not recognised a deferred tax asset in the financial statements on tax losses generated due to the uncertainty over the timing of future taxable profits.

## 3 Employees and Directors

The average number of employees (including directors) during the period:

	Number
Directors	2

The Directors did not receive any remuneration or benefits for the accounting period.

## 4 Interest receivable and similar income

	6 months to 30 September 2018 (Unaudited) £'000
Loans advanced	77
	<u>77</u>

## 5 Interest payable and similar charges

	6 months to 30 September 2018 (Unaudited) £'000
Bonds issued	201
	<u>201</u>

## Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

### 6 Taxation on loss on ordinary activities

	6 months to 30 September 2018 (Unaudited) £'000	6 months to 30 September 2018 (Unaudited) £'000
<i>UK corporation tax</i>		
Current tax on losses for the year		-
Total current tax		-----
<i>Deferred tax</i>		
In respect of losses carried forward	-	-
	-----	-----
Taxation on losses		-----

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	6 months to 30 September 2018 (Unaudited) £'000
Loss before tax	(192)
	-----
Loss on ordinary activities multiplied by the rate of corporation tax applicable in the UK (19%)	36
Deferred tax asset not recognised	(36)
	-----
Taxation on loss	-
	-----

The company's tax rate is higher than the UK standard rate of corporation tax because of the non-recognition of a deferred tax asset in respect of tax losses carried forward. There is no indication that this is likely to change in the near future.

Deferred tax of £36K is not provided on tax losses carried forward. This is not recognised due to the uncertainty over the timing of future taxable profits.

## Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

### 7 Debtors

	6 months to 30 September 2018 (Unaudited) £'000
<b>Non-current assets</b>	
Amounts owned by related parties	1,237
<b>Current assets</b>	
Amounts owed by related parties	4,945
Other debtors	2
Unpaid share capital	38
	<u>4,985</u>

Amounts owed by related parties include loans made to TAR Asset Management Limited in accordance with the Collateral Agreement between the company and Astute Capital PLC and advanced as property loans to customers by TAR Asset Management (as disclosed in note 12). Loans amounting to £1,237 are due after more than one year and loans amounting to £3,588 together with accrued interest are due within one year.

Amounts owed by related parties and due within one year also include an intercompany balance of £1,357.

### 8 Creditors: amounts falling due within one year

	6 months to 30 September 2018 (Unaudited) £'000
Other creditors	94
Accruals	152
	<u>246</u>

## Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

### 9 Creditors: amounts falling due after more than one year

	Total 6 months to 30 September 2018 £'000
issued bonds	8,022
	8,022

The maturity of sources of debt finance are as follows:

	issued bonds 6 months to 30 September 2018 £'000	Total 6 months to 30 September 2018 £'000
In one year or less, or on demand	-	-
In more than one year but not more than two years	2,988	2,988
In more than two years but not more than five years	5,034	5,034
	8,022	8,022

The Company has entered into a £500M secured limited recourse bond programme, listed on the Irish Stock Exchange.

As at 30 September 2018, the Company had issued £8,083K of bonds under its bond issuance programme including £3,017K of bonds completing its £3M 7.5% Series 1 bonds due 30 September 2020, £2,215K of bonds under its £3M 7.5% Series 2 bonds due 30 September 2021 and £2,851K of bonds under its £3M Series 3 bonds due 25 September 2021.

Issued bonds are stated at the issue cost of 8,082K less costs directly attributable to the bond issue amounting to £60K.

## Astute Capital PLC

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

10	Share capital	6 months to 30 September 2018 (Unaudited) £'000
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*Allotted, called up and partly paid*  
50,000 ordinary shares of £1 each

50

The shares have been paid up to the amount of £12.5K.

### Ordinary shares of £1 each

	Number	£'000
In issue at 30 September 2018	50,000	50

## 11 Contingent liabilities

In respect of the £500M secured limited recourse bond programme under which Astute Capital PLC issues bonds and TAR Asset Management Limited enters into borrower loans under a collateral management agreement, NCM Fund Services Limited acts as security trustee for the holders of the bonds under a trust drawn up between the bond trustee and the issuer. NCM Fund Services Limited also acts as security trustee with respect to security provided by the collateral manager to secure its obligations to the issuer under the collateral management agreement.

On 10 April 2018, Astute Capital PLC registered a fixed charge with NCM Fund Services Limited who act as (i) Trustee; (ii) Collateral Manager Security Trustee; and (iii) Borrower Security Trustee as referred to above.

## 12 Related party disclosures

### *TAR Asset Management*

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

TAR Asset Management 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 17 Grosvenor Street London W1K 4QG. The directors of Astute Capital PLC exercise significant control over TAR Asset Management through their close cooperation with the director of that company and the nature of the collateral agreement.

TAR asset management has assumed the obligations of the Company in respect of office costs, staff employment and introducer payments and commissions for funds raised.

**Astute Capital PLC**

Notes forming part of the financial statements  
for the period ended 31 March 2018 (continued)

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12 Related party disclosures (continued)

*TAR Asset Management*

TAR asset management will pay a fixed rate of interest of 9.0% to Astute Capital PLC in respect of funds provided for the purpose of entering into borrower loans on behalf of the Company compared with a current fixed rate of interest on issued bonds of 7.5%.

13 Post balance sheet events

Since the period end, Astute Capital PLC has issued a further £2,412M of bonds under its bond programme.

Since the period end, Astute Capital PLC has advanced a further £1,413M to its collateral manager TAR Asset Management Limited for the purposes of providing loans to borrowers.