

HART CAPITAL PARTNERS (UK) LIMITED

*Report
And
Financial Statements
31 December 2023*

Company Registration Number 13528148

HART CAPITAL PARTNERS (UK) LIMITED

Non-Statutory Financial Statements

31 December 2023

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The directors present their report together with the audited non-statutory financial statements of Hart Capital Partners (UK) Limited (the Company) for the year ended 31 December 2023.

Principal Activities

The principal activity of Hart Capital Partners (UK) Limited is to provide short-term financing to third-party borrowers in search of commercial loans for property development within the United Kingdom (UK) property market.

Performance Review

Hart Capital Partners (UK) Limited was incorporated on 23 July 2022. During the year under review, the Company generated revenue of £498,686 (2022: £31,317) which is principally interest generated on loans receivable from third parties. The Company's costs consist mainly of the interest payable on the loan advanced by its parent, Hart Capital Partners (Europe) p.l.c., and administrative costs comprising mainly of professional fees and management fees. The Company generated a profit after tax of £115,700 (2022: loss of £2,811).

Position Review

The Company's asset base amounted to £3,456,611 (2022: £3,284,060).

The Company's main liabilities comprise the £2,359,148 (2022: £2,383,399) loan from its parent, Hart Capital Partners (Europe) p.l.c. The key assets consist of a cash balance of £140,512 (2022: £2,383,399) and loans receivable from third parties amounting to £2,798,308 (2022: £869,344).

Dividends and Reserves

The Board of Directors does not propose the payment of dividends. Retained earnings carried forward at the reporting date amounted to £112,889 (2022: Accumulated loss of £2,811) for the Company.

Financial Risk Management

The Company's main activity consists of loans receivable from customers and hence the Company is economically dependent on the business prospects of its customers.

Hart Capital Partners (UK) Limited's ability to generate cash flows and earnings may be restricted by:

- Defaults on loans issued;
- Decline in the UK property market, particularly South East UK;
- Changes in availability of financing;
- Changes in political, economic, legal and social conditions in the UK;
- Changes in applicable laws and regulations;
- Other factors beyond the control of the Company.

In this respect, the Company intends to continue to manage the loans issued to third parties in order to ensure sustainable financial results. A detailed review of the risk management policies adopted by the Company is included in Note 19 to these non-statutory financial statements.

Events Subsequent to the Statement of Financial Position Date

The directors assessed subsequent events from 1 January 2024 through 29 April 2024, the date these non-statutory financial statements were approved. Through such assessment, the directors have determined that there were no particular important events outside the normal trading operations affecting the Company which occurred subsequent to the reporting date.

Future Developments

The directors intend to continue to operate in line with the current business plan.

Directors

Mr. Alexander Tanti

Mr. Christon Jon Burrows

Auditors

At the date of making this report, the Directors confirm the following:

- As far as the directors are aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing their report and to establish that the independent auditor is aware of that information.

This report was approved by the Board of Directors and signed on its behalf by:



Mr. Alexander Tanti
Director



Mr. Christon Jon Burrows
Director

Registered Address:

Hart Capital Partners (UK) Limited
47a Broadgates,
Marketplace,
Henley-On Thames,
England

29 April 2024

Statement of Directors' Responsibilities

The directors are responsible for the preparation of the non-statutory financial statements in accordance with applicable law and regulations.

In preparing these non-statutory financial statements, the directors are required to: -

- ensure that the non-statutory financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company. The directors 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.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hart Capital Partners (UK) Limited

Report on the Audit of the Non-Statutory Financial Statements prepared for the purposes of the Prospects MTF Rules issued by the Malta Stock Exchange**Opinion**

We have audited the non-statutory financial statements of Hart Capital Partners(UK) Limited (the Company), set out on pages 8 to 24 which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-statutory financial statements give a true and fair view of the financial position of the Company, as at 31 December 2023 and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the non-statutory financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the non-statutory financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the non-statutory financial statements, which describe the basis of accounting.

The Company is the guarantor to its parent, Hart Capital Partners (Europe) p.l.c. On 30 November 2023 Hart Capital Partners (Europe) p.l.c. raised €3,000,000 7.25% Secured Callable Bonds 2025 – 2027 which are admitted on Prospects MTF, a multi-lateral trading platform of the Malta Stock Exchange.

Emphasis of Matter – Basis of Accounting and Restriction on Use (continued)

These non-statutory financial statements are prepared solely for the purpose of complying with the Company's (as a guarantor) financial information reporting obligations arising under the Prospects MTF Rules, Regulation Rule 4.11.12. As a result, these non-statutory financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the non-statutory financial statements does not cover this information and we do not express any form of assurance conclusion thereon. In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. 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.

Responsibilities of the Directors

The directors are responsible for the preparation of the non-statutory financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and for such internal control as the directors determine is necessary to enable the preparation of the non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory 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 has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Non-Statutory Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 non-statutory financial statements.

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

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

Auditors' Responsibilities for the Audit of the Non-Statutory Financial Statements (continued)

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

Use of Our Report

This report is made solely for the Company's directors, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Company's directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone than the Company, for our audit work, for this report or for the opinions we have formed.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provvida,
Karm Zerafa Street,
Birkirkara BKR1713,
Malta.

29 April 2024

Statement of Comprehensive Income

For the year ended 31 December 2023

		12 months to 31 Dec 2023 £	5 months to 31 Dec 2022 £
	Note		
Finance income	5	498,686	31,317
Finance costs	6	<u>(283,338)</u>	<u>(17,942)</u>
Net interest income		215,348	13,375
Administrative expenses		(88,917)	(16,186)
Other income	7	<u>22,461</u>	<u>-</u>
Profit/(loss) before Income Tax	8	148,892	(2,811)
Income taxation	9	<u>(33,192)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE YEAR		<u>115,700</u>	<u>(2,811)</u>
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u>115,700</u>	<u>(2,811)</u>

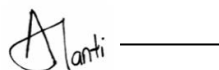
The accounting policies and explanatory notes on pages 12 to 24 form an integral part of these non-statutory financial statements.

	Note	2023 £	2022 £
ASSETS			
Non-current Assets			
Loans receivable	10	1,915,389	-
Other receivables	11	360,301	-
		<u>2,275,690</u>	<u>-</u>
Current Assets			
Loans receivable	10	877,919	869,344
Other receivables	11	162,490	31,317
Cash and cash equivalents	17	140,512	2,383,399
		<u>1,180,921</u>	<u>3,284,060</u>
Total Assets		<u><u>3,456,611</u></u>	<u><u>3,284,060</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Called up issued share capital	12	1	1
Other equity	13	869,930	869,930
Retained earnings	14	112,889	(2,811)
		<u>982,820</u>	<u>867,120</u>
Non-Current Liabilities			
Borrowings	15	2,359,148	2,383,399
Current Liabilities			
Trade and other payables	16	81,451	33,541
Current tax liability		33,192	-
		<u>114,643</u>	<u>33,541</u>
Total Equity and Liabilities		<u><u>3,456,611</u></u>	<u><u>3,284,060</u></u>

The accounting policies and explanatory notes on pages 12 to 23 form an integral part of these non-statutory financial statements.

The non-statutory financial statements on pages 8 to 24 were approved by the Board of Directors on 29 April 2024 and were signed on its behalf by:

Mr. Alexander Tanti
Director



Mr. Christon Jon Burrows
Director



Statement of Changes in Equity
For the year ended 31 December 2023

	Share Capital	Shareholder's Loan	Retained Earnings	Total
	£	£	£	£
<u>Transactions with owners in their capacity as owners</u>				
Issue of share capital	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Shareholder's loan	<u>-</u>	<u>869,930</u>	<u>-</u>	<u>869,930</u>
Total transactions with owners in their capacity as owners	<u>1</u>	<u>869,930</u>	<u>-</u>	<u>869,931</u>
<u>Total comprehensive loss</u>				
Loss for the period	<u>-</u>	<u>-</u>	<u>(2,811)</u>	<u>(2,811)</u>
Other comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>(2,811)</u>	<u>(2,811)</u>
Balance as at 31 December 2022	<u>1</u>	<u>869,930</u>	<u>(2,811)</u>	<u>867,120</u>
Balance as at 1 January 2023	<u>1</u>	<u>869,930</u>	<u>(2,811)</u>	<u>867,120</u>
<u>Total comprehensive loss</u>				
Profit for the year	<u>-</u>	<u>-</u>	<u>115,700</u>	<u>115,700</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>115,700</u>	<u>115,700</u>
Balance as at 31 December 2023	<u>1</u>	<u>869,930</u>	<u>112,889</u>	<u>982,820</u>

The accounting policies and explanatory notes on pages 12 to 24 form an integral part of these non-statutory financial statements.

Statement of Cash Flows

For the year ended 31 December 2023

	Note	12 months to 31 Dec 2023 £	5 months to 31 Dec 2022 £
Operating Activities			
Profit / (loss) for the year before taxation		148,892	(2,811)
<i>Adjustment for:</i>			
Foreign exchange gain		(22,461)	-
ECL impairment allowance		7,194	587
Finance income		(498,686)	(31,317)
Finance costs		283,338	17,942
		(81,723)	(15,599)
<i>Working capital changes:</i>			
Movement in loan and other receivables		(1,933,016)	(869,931)
Movement in trade and other payables		(9,054)	15,599
Cash used in operations		(2,023,793)	(869,931)
Interest received		39,699	-
Interest paid		(228,137)	-
Net Cash used in Operating Activities		(2,212,231)	(869,931)
Investing Activities			
Issue of share capital		-	1
Capital loan by shareholder		-	869,930
Net cash generated from investing activities		-	869,931
Financing Activities			
Advances to parent		(30,656)	-
Loan advanced from parent		-	2,383,399
Net Cash generated from Financing Activities		(30,656)	2,383,399
Movement in Cash and Cash Equivalents		(2,242,887)	2,383,399
Cash and cash equivalents at beginning of year		2,383,399	-
Cash and Cash Equivalents at End of Year	17	140,512	2,383,399

The accounting policies and explanatory notes on pages 12 to 24 form an integral part of these non-statutory financial statements.

1. General Information and Basis of Preparation

Hart Capital Partners (UK) Limited (the Company) is a private limited liability company registered under the laws of England and Wales with company registration number 13528148 and with its registered office at 47a Broadgates, Market Place, Henley-On-Thames, England, RG9 2AD.

The Company's principal business is to provide short-term financing to borrowers in search of commercial loans for property development, whether directly through the making of Loans and/or indirectly through the acquisition of Loans from Original Lenders.

The currency of the Company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

The Company is a wholly owned subsidiary of Hart Capital Partners (Europe) p.l.c. (the Parent), a company registered in Malta whose bonds are admitted on Prospects MTF, a multi-lateral trading platform of the Malta Stock Exchange. The Parent prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Hart Capital Partners (UK) Limited qualifies as a small company in the UK and as such the Company has taken advantage of the statutory audit exemption conferred by UK law. To this regard, these non-statutory financial statements are prepared solely for the purpose of complying with the Company's (as a guarantor of its Parent) financial information reporting obligations arising under the Prospects MTF Rules, Regulation Rule 4.11.12.

These non-statutory financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU.

Going concern

Hart Capital Partners (UK) Limited, is set up to provide short-term financing to borrowers in search of commercial loans for property development within the UK property market. The Company shall accrue for interest on a monthly basis on all loans issued, as interest and capital are paid by the borrowers upon loan maturity. All loans issued are expected to generate a return of 18% per annum and have an average term of eighteen months each. Based on such reasons, the Company's business prospects are highly dependent on the ability of the borrowers to meet their obligations in a timely manner at maturity.

There has been a positive start to 2024 for the UK property market. This is demonstrated by leading UK estate agency, Rightmove, noting in their March 2024 House Price Index report that the number of sales being agreed is 13% higher than the same point in 2023 with buyer demand around 8% higher than the previous year. Additionally, the ongoing lack of supply in the UK housing market shows no signs of changing, which should continue to support prices in the near to medium term.

In preparing these non-statutory financial statements, the directors made reference to the anticipated business growth and revenue streams which are expected to be generated over the years from interest receivable on loans issued to borrowers.

In view of this, the directors believe that it remains appropriate to prepare these non-statutory financial statements on a going concern basis.

1. General Information and Basis of Preparation (continued)

Use of estimates and judgements

The preparation of the non-statutory financial statements in conformity with IFRS as adopted by the EU requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (refer to Note 4 – Critical accounting estimates and judgements).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

2. Changes in Accounting Policies and Disclosures

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Group and Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group and Company's accounting period beginning on 1 January 2023. Except for the amendments to IAS 1 and IFRS Practice Statement 2, the adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's and Company's accounting policies impacting the Group and Company's financial performance and position, including disclosures.

Standards, interpretations and amendments to published standards effective in 2023

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Material accounting policy information is now required to be disclosed instead of significant accounting policies. The amendments explain how an entity can identify material accounting policy information and give examples of when accounting policy information is likely to be material. Accounting policy information may be material due to its nature and is material if users of an entity's financial statements would need it to understand other material information in financial statements.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

With effect from these financial statements for the year ended 31 December 2023, the Company has consequently limited its disclosure of accounting policies to that information that is material.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Group's and Company's accounting periods beginning after 1 January 2023. The Group and Company have not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group and Company's financial statements in the period of initial application.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these non-statutory financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

Finance income and finance costs

Finance income and finance costs are recognised in profit or loss for all interest-bearing instruments on a time-proportionate basis using the effective interest method. Finance costs include the effect of amortising any difference between net proceeds and redemption value in respect of the Company's borrowings. Finance income and costs are recognised as they accrue unless collectability is in doubt.

Income taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currencies

Functional and presentation currency

Items included in the non-statutory financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The non-statutory financial statements are presented in pounds sterling (£), which is the Company's functional and presentation currency.

3. Significant Accounting Policies (continued)***Foreign currencies (continued)******Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Financial instruments***Recognition and measurement***

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement***i. Financial assets***

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) (debt investment), FVOCI (equity instrument) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting year following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved both by collecting contractual cash flows and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

i. Financial assets (continued)

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- history of the Company's bad debts
- liquidity position of inter-companies

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'principle' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular year of time.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised through profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3. Significant Accounting Policies (continued)***Financial instruments (continued)******Derecognition***

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company derecognises a financial liability when its contractual obligations are discharged cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach to measuring expected credit losses as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition. In measuring the expected credit losses on trade receivables, the expected loss rate, the payment profile of sales over a year of time before the reporting date and the historical credit losses experience within this year are considered. The historical loss rates are adjusted to reflect current and forward-looking information to trade receivables and the environment in which they operate.

For related party balances, the Company assesses the credit quality of the related companies by taking into account the financial position, performance and other factors. In measuring expected credit losses on these balances, management takes into account, when available, the agreements in place and adherence to the applicable agreements.

Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. Significant Accounting Policies (continued)*Cash and cash equivalents*

Cash comprises demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

*Share capital**Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's non-statutory financial statements in the year in which the dividends are approved by the Company's shareholders.

4. Critical Accounting Estimates and Judgements

Estimates and judgement are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these non-statutory financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

5. Finance Income

	12 months to 31 Dec 2023	5 months to 31 Dec 2022
	£	£
Interest receivable from loans given to third parties	<u>498,686</u>	<u>31,317</u>

6. Finance Costs

	12 months to 31 Dec 2023	5 months to 31 Dec 2022
	£	£
able on loan from parent	<u>283,338</u>	<u>17,942</u>

7. Other income

	12 months to 31 Dec 2023 £	5 months to 31 Dec 2022 £
Unrealised gain on foreign exchange	<u>22,461</u>	<u>-</u>

8. Profit/(loss) before Income Tax

This is stated after charging the following:

	12 months to 31 Dec 2023 £	5 months to 31 Dec 2022 £
Audit fee	<u>5,927</u>	<u>4,690</u>

9. Income Taxation

	12 months to 31 Dec 2023 £	5 months to 31 Dec 2022 £
Current tax expense	<u>33,192</u>	<u>-</u>

The Company is subject to the tax rates applicable in the UK. The tax charge and the result of accounting profit / (loss) multiplied by the statutory income tax rate are reconciled as follows:

	12 months to 31 Dec 2023 £	5 months to 31 Dec 2022 £
Profit / (loss) before taxation	<u>148,892</u>	<u>(2,811)</u>
Tax at the applicable statutory rate	33,726	(534)
<i>Tax effect of:</i>		
Unrecognised deferred tax asset	<u>(534)</u>	<u>534</u>
Tax charge	<u>33,192</u>	<u>-</u>

10. Loans Receivable

	2023	2022
	£	£
Non current		
Loans receivable from third parties	<u>1,915,389</u>	<u>-</u>
Current		
Loans receivable from third parties	<u>877,919</u>	<u>869,344</u>

At 31 December 2023, the loans receivable from third parties are stated net of allowance for expected credit losses of £6,621 (2022: £587).

Maturity of non-current loans and receivables:

	2023	2022
	£	£
Two to five years	<u>1,915,389</u>	<u>-</u>

11. Other Receivables

	2023	2022
	£	£
Non-current		
Accrued income	<u>360,301</u>	<u>-</u>
Current		
Amounts due from parent company	30,630	-
Accrued income	128,844	31,317
Prepaid expenses	<u>3,016</u>	<u>-</u>
	<u>162,490</u>	<u>31,317</u>

Amounts due from parent company are unsecured, interest-free and are repayable on demand. As at 31 December 2023, the amounts due to the parent were fully performing and hence do not contain impaired assets.

At 31 December 2023, the accrued interest on the loans receivable from third parties is stated net of allowance for expected credit losses of £1,159 (2022: Nil).

11. Other Receivables (continued)*Maturity of non-current accrued income:*

	2023	2022
	£	£
Two to five years	<u>360,301</u>	<u>-</u>

12. Share Capital

	2023	2022
	£	£
Ordinary shares		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

13. Other Equity

This amount represents a loan of £869,930 from one of the ultimate beneficial owner of the Company. It is unsecured, interest-free and repayable exclusively at the option of the Company, and for this reason it is classified within equity.

14. Retained Earnings

This represents accumulated profits and losses. During the year under review, no dividends were paid

15. Borrowings

	2023	2022
	£	£
Non-current		
Loan from parent	<u>2,359,148</u>	<u>2,383,399</u>

The non-current borrowings relate to the transfer of funds by the Parent, which it generated from the issue of bonds. The loan is unsecured, carries interest at 12% (2022: 8%) per annum and is repayable in full in a single bullet payment on 20 September 2027.

16. Trade and Other Payables

	2023	2022
	£	£
Accrued expenses	<u>81,451</u>	<u>33,541</u>

17. Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2023	2022
	£	£
Cash at bank	140,512	-
Cash in transit	<u>-</u>	<u>2,383,399</u>
	<u>140,512</u>	<u>2,383,399</u>

Cash in transit represented funds transferred by the Trustee at the reporting date but received by Hart Capital (UK) Limited in 2023.

18. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company forms part of the Hart Group of Companies. All companies forming part of the Hart Group are related parties since these companies are ultimately owned by Hart Capital Partners (Europe) p.l.c., which is considered by the directors to be the ultimate controlling party.

Trading transactions between these companies include items which are normally encountered in a group context. The Group is ultimately owned by Mr. Alexander Tanti, Ms. Louise Tanti, Mr. Christon Jon Burrows and Ms. Joanne Burrows, who are therefore considered to be related parties.

The Company is a subsidiary of Hart Capital Partners (Europe) p.l.c. who is the parent company. The registered address of the parent company is 55D, Birbal Street, Balzan, BZN 9017.

Hart Capital Partners (Europe) p.l.c. is the ultimate parent of the Company. Hart Capital Partners (Europe) p.l.c. produces consolidated financial statements that are available for public use, and which incorporate the individual non-statutory financial statements of the Company.

18. Related Party Transactions (continued)

	2023	2022
	£	£
Expenses		
Interest payable charged by parent	283,338	17,942
Management fee charged by parent	<u>65,234</u>	<u>8,909</u>
Loans and Advances		
Capital loan by shareholder	-	869,930
Loan from parent	<u>-</u>	<u>2,383,399</u>

Year-end balances arising from related party transactions are disclosed in Notes 13 and 15 to these non-statutory financial statements.

19. Financial Risk Management

At the year end, the Company's main financial assets comprised loans receivable from third parties and cash and cash equivalents. At the year end the Company's main financial liabilities consisted of borrowings and trade and other payables. The Company's principal risk exposures relate to credit, liquidity and currency risks.

Timing of Cash Flows

The presentation of the above-mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Credit Risk

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of loans receivables from third parties and cash at bank (Notes 10 and 17). The carrying amount of financial assets represents the maximum credit exposure. The Company's cash at bank will be placed with high-quality financial institutions. Management does not expect any institution to fail to meet repayments of amounts held in the name of the Company. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

The Company's receivables consist mainly of loans receivable from third parties. There is the risk of suffering a loss should any of the Company's customers fail to fulfil their contractual obligations to the Company. Hence, credit risk mainly arises from customer loans. It constitutes the Company's largest risk in view of its significant lending portfolio. To minimise credit risk, facilities are secured by tangible security. The Company monitors credit exposures on a regular basis and ensures timely performance of these assets in the context of its overall liquidity management.

The loss allowances for these financial assets are based on assumptions about the risk of default and expected loss rates. The Company's management uses judgment in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

19. Financial Risk Management (continued)***Credit Risk (continued)***

As at year-end, based on the directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management together with the support of shareholders in place, the resulting impairment charge required resulted in a loss allowance of £7,780 as at 31 December 2023.

Currency Risk

In order to mitigate the foreign exchange volatility risk, the Group has entered into a foreign exchange risk agreement, which removes the Group's exposure to foreign exchange currency, in this case, GBP for EUR, at a fixed rate in the future. The foreign exchange risk agreement is an option contract which hedges only the exchange losses whilst the exchange gains are retained by the Group.

Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (Notes 15 and 16). The Company is exposed to liquidity risk arising from its ability to satisfy liability commitments depending on cash inflow receivable in turn from its customers.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month year to ensure that no additional financing facilities are expected to be required over the coming year. This process is performed through a rigorous assessment of detailed cash flow projections of the Company where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis. The carrying amounts of the Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining year at the end of the reporting year to the contractual maturity dates in the respective notes to these non-statutory financial statements.

Fair Values of Financial Instruments

At 31 December 2023 and 31 December 2022, the carrying amounts of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Company for similar financial instruments.

As at end of the reporting period, the fair values of financial assets and liabilities approximated the carrying amounts shown in the statement of financial position.

Capital Management

The Company guarantees the bonds of Hart Capital Partners (Europe) p.l.c. (Parent company). Related finance costs are also guaranteed by the Company.

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HART CAPITAL PARTNERS (UK) LIMITED
Schedule to the Non-Statutory Financial Statements
For the year ended 31 December 2023

SCHEDULE

1. Administrative Expenses

HART CAPITAL PARTNERS (UK) LIMITED**Schedule 1**

Administration Expenses

For the year ended 31 December 2023

	12 months to 31-Dec-23 £	5 months to 31-Dec-22 £
Audit fee	5,927	4,690
Travelling	3,737	-
Bank charges	2,070	-
Professional fees	4,755	2,000
ECL impairment allowance	7,194	587
Management fee	65,234	8,909
	88,917	16,186