

2021

Secured Lending Limited
Annual Report for the
year ended March 2021

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limited



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Directors

Michael Hughes

Gerard Swarbrick

Trevor Finlay

Richard Mark Taylor
(appointed 16 November 2021)

Registered office

141-145 Curtain Road
Floor 3
London
EC2A 3BX

Registered number

09033656

Introduction

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Secured Lending Limited - Strategic Report

Business Review

We are pleased to present the Secured Lending Limited (“the Company”) annual report for the year ended 31 March 2021 (FY21). The Company delivered revenues of £253k and net profit of £74k through its core activity of owning and monitoring a portfolio of loans to small and medium-sized enterprises in the energy or real estate sectors. Since its inception in 2014, the Company has made loans of more than £29 million with no defaults or impairments.



Outlook and Strategy

Investment Strategy is built upon clearly defined lending principles designed to help manage investment risk. Loans are offered to UK Energy Infrastructure and Property companies owning physical assets to provide strong security. The portfolio approach offers investors a greater diversity of loan exposure, compared to if they provided loan facilities to single asset-backed companies.

All loans benefit from either a Fixed (secured against specified assets) or Fixed and Floating (secured against all assets) charge which is registered at Companies House.



£253k
Interest earned

£3.5m
Current loan book

Secured Lending Limited - Loan Portfolio

As at 31 March 2021, the Company had a loan book of £3.5m with a mix of property and energy infrastructure loans. All loans are secured against physical assets in the UK.

Example investments

Kingfisher Resorts St Ives



Kingfisher Resorts St Ives is a UK leisure company that owns the Una St Ives Resort in Cornwall. The company has secured conditional planning permission to build a 55-unit apartment-hotel, up to 93 new holiday villas, in addition to the existing 29 villas and extended leisure facilities already operational. The first phase of new holiday villas and a state-of-the-art Lido are under construction.



In Q4 2020, the company acquired a controlling stake in the Meudon Hotel in Cornwall, a 30-key operational hotel located just outside Falmouth, set in 20 acres of sub tropical gardens, leading down to a private beach. Under the new management, the hotel has been refurbished into a luxury boutique hotel with sophisticated dining facilities and is seeking to add 10 new luxury holiday villas.

Alternate Energies

- Alternate Energies owns a portfolio of over 300 Solar PV Feed-in Tariff (“FiT”) assets mounted on the roofs of Colchester Borough Council owned housing.
- The installations were constructed prior to March 2012, so have been operating for 10 years, providing a reliable income stream.
- The PV systems in the portfolio are OFGEM accredited entitling them to receive a fixed level of FiT for each kWh generated. The FiT is set for 25 years from the accreditation date and adjusted every year to allow for inflation in line with RPI.
- The loan to Alternate Energies is secured by way of a fixed and floating charge over the assets of the company registered at Companies House.



Financial Statements

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Directors' Report

for the year ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Directors

The directors who served during the year were:

- Michael Hughes
- Trevor Finlay (appointed 29 May 2020)
- Stephen Mahon (resigned 11 August 2020)
- Andrew Newman (resigned 1 June 2020)
- Gerard Swarbrick (appointed 15 July 2020)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Lubbock Fine LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Directors' Report

for the year ended 31 March 2021

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Michael Hughes

Director

10 December 2021

Independent Auditors' Report

to the members of Secured Lending Limited

Opinion

We have audited the financial statements of Secured Lending Limited (the 'Company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Independent Auditors' Report *(continued)*

to the members of Secured Lending Limited

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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 from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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.

Independent Auditors' Report *(continued)*

to the members of Secured Lending Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 (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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non compliance with laws and regulations, we considered the following:

- The nature of the sector and the impact of Covid 19 on financial and operating performance and policies;
- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the companies policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with entities in similar sectors and this experience was relevant to the discussion about where fraud risks might arise.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of management override, revenue recognition and loan valuations. Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of business;
- reviewing the loan valuations by agreeing balances to supporting documentation and assessing their recoverability.

Independent Auditors' Report *(continued)*

to the members of Secured Lending Limited

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Sam Snelson

Sam Snelson

(Senior Statutory Auditor)
for and on behalf of

Lubbock Fine LLP

Chartered Accountants
& Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

10 Dec 2021

Statement of Comprehensive Income

for the year ended 31 March 2021

	2021 £	2020 £
Turnover	253,281	232,078
Cost of sales	(118,240)	(137,969)
Gross profit	135,041	94,109
Administrative expenses	(45,094)	(49,919)
Operating profit	89,947	44,190
Tax on profit	(16,123)	(10,864)
Profit for the financial year	73,824	33,326

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 10 to 13 form part of these financial statements.

Balance Sheet

as at 31 March 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	4	3,514,064	3,339,663
Cash at bank and in hand	5	19,729	204,310
		<u>3,533,793</u>	<u>3,543,973</u>
Creditors: amounts falling due within one year	6	(1,016,065)	(2,229,009)
Net current assets		<u>2,517,728</u>	<u>1,314,964</u>
Total assets less current liabilities		2,517,728	1,314,964
Creditors: amounts falling due after more than one year	7	(990,237)	-
Net assets		<u>1,527,491</u>	<u>1,314,964</u>
Capital and reserves			
Called up share capital	8	14,012	12,686
Share premium account	9	1,404,202	1,266,825
Profit and loss account	9	109,277	35,453
		<u>1,527,491</u>	<u>1,314,964</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2021.



Michael Hughes
Director

The notes on pages 10 to 13 form part of these financial statements.

Statement of Changes in Equity

as at 31 March 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	1,062	103,383	2,127	106,572
Profit for the year	-	-	33,326	33,326
Shares issued during the year	11,624	1,213,723	-	1,225,347
Arrangement fees	-	(50,281)	-	(50,281)
At 1 April 2020	12,686	1,266,825	35,453	1,314,964
Profit for the year	-	-	73,824	73,824
Shares issued during the year	1,326	143,677	-	145,003
Arrangement fees	-	(6,300)	-	(6,300)
At 31 March 2021	14,012	1,404,202	109,277	1,527,491

The notes on pages 10 to 13 form part of these financial statements.

Notes to the Financial Statement

for the year ended 31 March 2021

1. General information

Secured Lending Limited is a private company limited by shares incorporated in England and Wales. The registered office is 141-145 Curtain Road, 3rd Floor, London, England, EC2A 3BX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company meets its day-to-day working capital requirements through cash and loan notes.

The Directors therefore consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

If the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and provide for further liabilities that might arise.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company recognises interest income as revenue when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Interest revenue is measured using the effective interest method.

2.4 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statement *(continued)*

for the year ended 31 March 2021

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including other loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Interest on loans taken out to fund the investing activities of the Company is shown within cost of sales.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statement *(continued)*

for the year ended 31 March 2021

3. Employees

The Company has no employees other than the directors (2020 - NIL).

4. Debtors

	2021 £	2020 £
Other debtors	3,514,064	3,339,663

5. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	19,729	204,310

6. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	671,120	1,946,358
Trade creditors	4,649	-
Corporation tax	25,968	10,863
Accruals and deferred income	314,328	271,788
	<u>1,016,065</u>	<u>2,229,009</u>

The other loans are secured by way of fixed and floating charge over the assets of the company.

Notes to the Financial Statement *(continued)*

for the year ended 31 March 2021

7. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	990,237	-

The other loans are secured by way of fixed and floating charge over the assets of the company.

8. Share capital

	2021 £	2020 £
Allotted, called up and fully paid 1,401,154 (2020 - 1,268,590) Ordinary shares of 0.01 each	14,012	12,686

During the year, the Company has issued 110,134 £0.01 ordinary shares for total consideration of 120,000 and a further 22,430 £0.01 ordinary shares for total consideration of £25,000. All shares rank pari-passu.

9. Reserves

Share premium account

The share premium account represents consideration received for authorised and issued shares in excess of the nominal value of £0.01, less costs directly attributable to the issue of shares.

Profit and loss account

The profit and loss account comprises all retained profits and losses less distributions to date.