

# 2020

Secured Lending Limited  
Annual Report and  
consolidated financial  
statements for the year  
ended March 2020

**secured  
lending.**  
limited



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### Directors

Michael Hughes

Gerard Swarbrick  
(appointed 15 July 2020)

Trevor Finlay  
(appointed 29 May 2020)

Andrew Newman  
(resigned 1 June 2020)

Stephen Mahon  
(resigned 11 August 2020)

### 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 2020 (FY20). The Company delivered revenues of £232k and net profit of £33k 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. 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.



**£232k**  
Interest earned

**£3.3m**  
Current loan book

# Secured Lending Limited - Loan Portfolio

As at 31 March 2020, the Company had a loan book of £3.3m 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. In February 2018, the company reached a major milestone and was granted conditional planning permission to build a 55-unit apartment-hotel, up to 93 new holiday villas, in addition to the existing 29 villas extended leisure facilities already operational.



In Q4 2020, the company acquired controlling stake in the Meudon Hotel in Cornwall, a 30-key operational luxury boutique hotel located just outside Falmouth, set in 20 acres of sub tropical gardens, leading down to a private beach.

### 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 8 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.



# Statutory Consolidated Financial Statements

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# Directors' Report

## for the year ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

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

### 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

30 March 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 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet 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 2020 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.

### Emphasis of matter

We draw attention to the fact that the information presented in these financial statements for the comparative period has not been audited. Our opinion is not qualified in respect of this matter.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

*continued*

# Independent Auditors' Report *(continued)*

## to the members of Secured Lending Limited

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

### **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.

*continued*

# Independent Auditors' Report *(continued)*

## to the members of Secured Lending Limited

### 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.

### 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.

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

30 March 2021

# Statement of Comprehensive Income

for the year ended 31 March 2020

	31 March 2020 £	Period ended 31 March 2019 unaudited £
Turnover	232,078	127,432
Cost of sales	(137,969)	(119,601)
<b>Gross profit</b>	94,109	7,831
Administrative expenses	(49,919)	(5,714)
<b>Operating profit</b>	44,190	2,117
Tax on profit	(10,864)	-
<b>Profit for the financial year</b>	33,326	2,117

The notes on pages 7 to 9 form part of these financial statements.

# Balance Sheet

as at 31 March 2020

	Note	2020 £	2019 unaudited £
<b>Current assets</b>			
Debtors: amounts falling due within one year	4	3,339,663	2,347,457
Cash at bank and in hand	5	204,310	33,138
		<u>3,543,973</u>	<u>2,380,595</u>
Creditors: amounts falling due within one year	6	(2,229,009)	(2,273,573)
<b>Net current assets</b>		<u>1,314,964</u>	<u>107,022</u>
<b>Total assets less current liabilities</b>		<u>1,314,964</u>	<u>107,022</u>
<b>Net assets</b>		<u>1,314,964</u>	<u>107,022</u>
<b>Capital and reserves</b>			
Called up share capital		12,686	1,062
Share premium account		1,266,825	103,833
Profit and loss account		35,453	2,127
		<u>1,314,964</u>	<u>107,022</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 30 March 2021.



**Michael Hughes**

Director

The notes on pages 7 to 9 form part of these financial statements.

# Notes to the Financial Statement

## for the year ended 31 March 2020

### 1. General information

Secured Lending Limited is a private company limited by shares incorporated in England and Wales. The registered office is Delta Place, 27 Bath Road, Cheltenham, Gloucestershire, GL53 7TH.

The comparative period is for the ten month period ended 31 March 2019, and so is not directly comparable.

### 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 company is part funded by short term debt. At the year end 31 March 2020, the company held loan notes totalling £1.94m that fell for renewal on 31 March 2021. Subsequent to the year end the company has repaid £0.28m and renewed £1.44m through to 31 March 2022. Redemptions are subject to liquidity and Management expect to maintain this level of funding through renewal of the debt position in 2022 and issuing equity replacements.

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.

# Notes to the Financial Statement *(continued)*

## for the year ended 31 March 2020

### 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.

### 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 bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 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 2020

### 3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 -£NIL).

### 4. Debtors

	2020	2019
	£	unaudited £
Other debtors	<u>3,339,663</u>	<u>2,347,457</u>

### 5. Cash and cash equivalents

	2020	2019
	£	unaudited £
Cash at bank and in hand	<u>204,310</u>	<u>33,138</u>

### 6. Creditors: Amounts falling due within one year

	2020	2019
	£	unaudited £
Other loans	1,946,358	2,051,359
Trade creditors	-	-3,873
Corporation tax	10,863	-
Accruals and deferred income	<u>271,788</u>	<u>218,341</u>
	<u>2,229,009</u>	<u>2,273,573</u>

### 7. Post balance sheet events

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic, and recommended containment and mitigation measures worldwide. This is a fast moving situation and the overall impact on businesses and the economy is still unclear. The directors have made an initial consideration of the impact of the pandemic on the Company and believe that the Company will continue to trade and will be able to rely on its reserves to support any unforeseen downturn in trading.