

**Linklease Finance Plc**

Annual report and financial statements

For the year ended 31 December 2020

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## **Linklease Finance Plc**

### **Officers and professional advisers**

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#### **Directors**

Carl Hakan Mauritzon  
Intertrust Directors 1 Limited  
Intertrust Directors 2 Limited

#### **Company secretary and registered office**

Intertrust Corporate Services Limited and Simon James Hopewell  
1 Bartholomew Lane  
London  
EC2N 2AX

#### **Company number**

11663405  
(England and Wales)

#### **Independent auditors**

Ecovis Wingrave Yeats LLP  
Chartered Accountant & Statutory Auditor  
Waverley House  
7-12 Noel Street  
London  
W1F 8GQ

**Strategic report for the year ended 31 December 2020**

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The directors present their strategic report of Linklease Finance Plc (the "Company") for the year ended 31 December 2020.

**Incorporation, principal activities, business review and future development**

The Company, a public company with limited liability, was incorporated on 6 November 2018 in the United Kingdom and registered in England and Wales under the Companies Act 2006 (company registration number 11663405).

The Company was established as a special purpose vehicle to solely raise funding through the issuance of debt securities with no beneficial owner. The Company is designed to be profit neutral.

The Company established a \$500,000,000 secured medium term note programme on 19 December 2018 (the "Programme"). Under the Programme, the Company has issued the Series 2018-LL1 asset-backed bonds ("The USD Notes") on the 19 December 2018, which mature and are payable on 19 December 2023. The USD Notes are currently listed on the open market of the Cayman Island Stock Exchange and admitted to trading on the Frankfurt Stock Exchange. On 15 July 2020 the Company under the same Programme issued another set of 9% per annum fixed rate notes, i.e. Series 2020-LL2 ("The GBP Notes") for up to £20,000,000 maturing and payable on 15 July 2025 (USD notes and GBP notes together "Notes"). Notes are issued at their nominal value plus accrued interest ("net proceeds"). The accrued interest reflects the interest that would have been earned from the start of an interest period to the date of subscribing to the Notes. The net proceeds of each issuance of Notes is used by the Company to advance loans (the "Receivables") to Mercury Equipment Rental LLC and Mercury Car Rental LLC (together the "USD Borrowers") for the USD Notes and to Venus Equipment Rental LLC and Venus Car Rental LLC (together the "GBP Borrowers") for the GBP Notes. The USD Borrowers and the GBP Borrowers (together the "Borrowers") who then with the proceeds purchase assets comprising of equipment, vehicle or plant subject to an end-user lease.

Linklease Equipment Rental LLC (incorporated in the UAE with company number 722592 on 8 October 2014 as a Limited Liability Company) has been appointed by the Company to act as the lease servicer (the "Servicer"). Under the terms of the Servicer Agreement, the Servicer is appointed to manage on behalf of the Borrowers the leases entered in to with third parties. Under the terms of the Servicer Agreement, the Servicer is obliged to keep, maintain and provide to the Company and Security Trustee (on a quarterly basis and when reasonably requested by the same) records in relation to the leases and the assets, on a lease by lease basis, for the purposes of identifying amounts paid by each lessee, any amount due from a lessee, the arrears balances and future contractual payments, along with the carrying values of the assets of each lease and such other records as would be kept by a reasonable servicer in the circumstances.

During the year ended 31 December 2020, the Company has made loans to the USD Borrowers of \$5,011,072 (2019: \$12,162,349) and \$733,629 to the GBP Borrowers (see note 8).

The Company receives interest income from the Borrowers and makes coupon payments to the Noteholders. The Company pays interest on Notes at 9% of the nominal value per annum payable quarterly with the final repayment date on the 19 December 2023 for the USD Notes and 9% semi-annually on the GBP Notes with the final repayment date 15 July 2025. The first interest payment received by the Noteholders includes the repayment of the accrued interest that was paid to the Company on issue of the Notes. The interest rate on the Receivables is 9% per annum.

As at 31 December 2020, the Company had issued 16,919 (2019:11,929) USD Notes with a nominal value of \$16,919,000 (2019: \$11,929,000) (see note 10) and 521 GBP notes with a nominal value of \$711,849. All the costs associated with the issuing and managing of the Notes are borne by the relevant Borrower.

The Notes have limited recourse obligations of the Company. The Company is only obliged to make payments of interest and principal on the Notes to the extent that repayments are received from the Receivables or from any security over the Receivables being realised.

**Strategic report for the year ended 31 December 2020 (continued)**

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**Results**

The statement of comprehensive income is set out on page 13 and shows result for the financial year of \$nil (2019: \$nil) as the company has been designed to be profit neutral.

**Key performance indicators, principal risks and uncertainties**

The Company's only key performance indicators are the level of investment in the Notes issued by the Company, and the level of investment by the Company into the third-party loans which generate the Company's income.

At the year end the balance of the Notes outstanding amounted to \$17,630,849 (2019: \$11,929,000) (see Note 10) and Receivables amounted to \$17,907,050 (2019: \$12,162,349) (see note 8).

The Company's activities expose it to a number of risks and uncertainties as summarised below and in the financial instruments section. This is discussed in more detail in the investment memorandums issued for each Series issue under the risk factors section. Risk management is, in the main, predetermined based on the terms of the prospectus.

The Company's principal risk is the risk of the Borrowers defaulting their interest and principal payments; this risk is intensified in the current situation as detailed below.

Covid-19

On 31 December 2019, the World Health Organisation (the "WHO") was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei. On 7 January 2020, Chinese authorities identified a new type of coronavirus ("COVID-19") as the cause. During the year, the United Kingdom government announced several lockdowns for the United Kingdom, which prohibited all non-essential travel. As a result, several businesses have reduced, or in the worst cases, ceased their operations. While the extent and duration of the effect of the coronavirus outbreak on businesses remains unclear, there is a risk of financial instability for the Company, for example a detrimental effect on the UK economy may ultimately impact the underlying borrowers' ability to repay.

As of December 2020, the United Kingdom rolled out its first vaccine, Pfizer/BioNTech which was shortly followed by its second the Oxford/Astrazeneca vaccine. It is hoped that these and other vaccines will play a crucial part in slowing down the spread of the virus assisting both the NHS and the UK economy in its recovery.

The directors note that COVID-19 may have a detrimental effect on the World economy which may ultimately impact the underlying lessees' ability to repay the loans held by the Borrowers and therefore their ability to repay the Receivables and interest in the shorter term, or impact the Servicer's ability to continue to effectively service the leased assets. The directors will continue to monitor the developments and assess for any changes accordingly.

The principal risks faced by the Company are detailed in the 'Financial risk management' section below.

**Financial instruments**

The Company's operations are financed by means of the Notes. The Company issued such financial instruments to finance the acquisition of the Receivables. It is not the Company's policy to trade in financial instruments. The Company's exposure to risk on financial instruments and the management of such risk is largely determined prior to the issuance of the Notes.

The primary risks arising from the Company's financial instruments are credit risk, liquidity and cash flow risk and interest rate risk. The principal nature of such risks are summarised below and discussed in detail in the prospectus under the risk factors section.

### **Credit risk**

Credit risk reflects the risk that the underlying obligors of the Receivables or other transaction parties will not meet their obligations as they fall due.

The Company's principal business objective rests on the performance of the Receivables. Although the Receivables are secured over business purpose equipment located in the United Arab Emirates, the Company has considered at origination the evaluation of an obligors' ability to service an agreement (namely lease, contract-hire or hire-purchase) according to its terms to be the principal factor in assessing the credit risk and the decision to acquire the Receivables.

The Company relies on the Borrowers' established credit governance procedures and credit and fraud risk monitoring to mitigate the risk of financial loss resulting from defaults or fraudulent activity. Management of credit risk is undertaken by reviewing and monitoring arrears balances, communicating regularly with the underlying obligors and having procedures in place to market repossessed business equipment.

### **Liquidity and cash flow risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's ability to meet payments on the Notes and its operating and administrative expenses as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayments on the Receivables. The Company's assets are financed by the issuance of the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their nominal value amounts outstanding on the final Interest payment date ("IPD") 19 December 2023 for Mercury and 15 July 2025 for Venus. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make payments of interest and principal on the Notes to the extent that repayments are received from the Receivables or from any security over the Receivables being realised.

### **Interest rate risk**

Interest rate risk exists where interest rates on assets and liabilities are either set according to different bases or reset at different times. The Company is not exposed to interest rate risk because the Receivables and the Notes are subject to same fixed interest rates.

### **Currency risk**

The Company is not exposed to currency risk as all its financial instruments are denominated in US Dollars ("\$"). The Company does pay some expenses in foreign currencies, however the income for the cost recharge to the Borrowers is simultaneously received and hence there is no cash impact as a result of foreign exchange. The GBP notes are due interest in GBP but receivables against the GBP notes from the GBP Borrower bears the same interest rate and is also dominated in GBP, hence there is no currency risk.

**Section 172(1) of the companies Act 2016**

As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of issuance. The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- with reference to subsection (a) concerning the likely consequences of any decision in the long term: the Transaction Documents have been formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view.
- due to the nature of the Company's activities, there being no employees and all significant decisions being governed by the Programme, the matters set out in subsections (b)–(f) have limited strategic importance to the Company have not been commented on further.

In accordance with s. 426B Companies Act 2006 a copy of this statement is available at <https://www.intertrustgroup.com/our-services/capital-markets-services/public-transactions>.

**Capital management**

The Company is not subject to any external capital requirements, except for the minimum requirement under the Companies Act 2006. The Company has not breached this minimum requirement.

**Post Balance Sheet events**

Subsequent to year end, there was no significant event to report.

On behalf of the Board



Ian Hancock  
per pro **Intertrust Directors 1 Limited** as Director  
25 June 2021

**Directors' report for the year ended 31 December 2020**

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The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2020.

**Going concern**

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The Company is designed to be profit neutral and hence made a profit of \$nil (2019: \$nil) for the year and had net assets of \$16,586 (2019: \$16,586) at 31 December 2020.

Under the terms of the Receivables agreement, all costs incurred by the Company are to be recharged to the Borrowers.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent on the performance of the Receivables. The Notes are a limited recourse obligation of the Company, secured over the Receivables, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Receivables under the terms of the priority of payments as set out in the terms and conditions of the Notes.

The directors have also undertaken a going concern assessment, including a review of principal and emerging risks, including those in relation to Covid-19, and assessed the prospects of the Company. As a result of this assessment, the directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period in excess of 12 months from the date of this report.

After making enquires of the Borrowers regarding the quality of the assets, including confirming no instances of lessee default and no significant diminution of leased asset value, and the limited recourse nature of the Company's borrowings, the directors have formed a judgement that at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

**Future developments**

Information on future developments is included in the Incorporation, principal activities, business review and future developments section of the Strategic report.

**Financial risk management**

Information on financial risk management is included in the Financial instruments section of the Strategic report.

**Corporate governance**

The directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The programme documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

**Directors' report for year ended 31 December 2020 (continued)**

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**Corporate governance (continued)**

Due to the nature of the securities which have been issued the Company is exempt from the disclosure requirements of the Financial Conduct Authority in the United Kingdom which would otherwise require the Company to have an audit committee in place and include a corporate governance statement in the report of directors. The directors are therefore satisfied that there is no requirement for an audit committee, or a supervisory body entrusted to carry out the functions of an audit committee or to publish a corporate governance statement.

**Share capital**

The issued share capital of £12,501 comprises 49,999 quarter paid and 1 fully paid ordinary shares of £1 each.

**Directors and their interests**

The directors of the Company, who were in office during the year and up to the date of signing the financial statements, were:

Intertrust Directors 1 Limited  
Intertrust Directors 2 Limited  
Carl Hakan Mauritzon

None of the directors have any beneficial interest in the ordinary share capital of the Company (2019: nil). None of the directors had any interest during the year in any material contract or arrangement with the Company (2019: nil).

The Company does not have any employees and services required are contracted from third parties (2019: nil).

The directors do not recommend the payment of a dividend (2019: £nil).

**Company secretary**

Intertrust Corporate Services Limited served as the company secretary during the year and subsequently along with Simon James Hopewell.

**Third party indemnities**

Qualifying third party indemnity provisions for the benefit of the directors were in force during the year under review and remain in force as at the date of approval of the annual report and financial statements.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

**Directors' report for year ended 31 December 2020 (continued)**

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**Statement of directors' responsibilities in respect of the financial statements (continued)**

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Statement of disclosure of information to the auditors**

The directors confirm that:

- a) so far as the directors are aware, there is no relevant information of which the Company's auditor is unaware; and
- b) each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

**Independent auditors**

The auditors BDO LLP have tendered their resignation with effect from the 5<sup>th</sup> February 2021. Consequently, the auditor, Ecovis Wingrave Yeats LLP, was appointed as the auditor of the Company during the year under review and is to remain in office until the conclusion of the Company's annual general meeting. Having expressed their willingness to continue in office and pursuant to section 489 of the Companies Act 2006, a resolution for the re-appointment of Ecovis Wingrave Yeats LLP will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Ian Hancock  
per pro **Intertrust Directors 1 Limited**  
as Director  
25 June 2021

## **Opinion**

We have audited the financial statements of Linklease Finance Plc (the 'Company') for the year ended 31 December 2020, 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 December 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.

## **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.

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greater effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *Key audit matter*

Accounting standards require management to review the carrying value of the loans made to the borrowers and consider whether the value is recoverable. Management exercise significant judgement in assessing the recoverability of the balance. This judgement includes reviewing the historic performance of the borrowers with respect to making interest payments and reviews of publicly available information relating to the performance of the borrowers. There are potential risks due to the uncertainties surrounding these judgements and as an area of significant focus and a significant risk for the audit this has been concluded as a key audit matter.

**Audit response**

We performed the following procedures:

- As the Borrower is located in the UAE, they are not obliged to and have not furnished their year-end financial or up to date management accounts to us to allow us to evidence their ability to meet their ongoing loan repayment obligations. Consequently we have had to perform alternate audit procedures to review the Borrowers ability to meet their ongoing loan obligations.
- We have vouched all interest receipts from the Borrowers in the year and since the year end date to check that they have been received on a timely basis and in accordance with the loan agreements.
- We have reviewed example customer due diligence reports completed by the Borrowers and subsequent lease agreements entered into, to gain assurance that the Borrowers are investing in reliable and profitable ventures. We were also able to obtain financial and credit reports for an example customer, which again demonstrated that sufficient research is being completed by the Borrowers on their end customer. We were also able to validate an example insurance contract covering a proportion of the leased assets by the Borrowers.
- We have performed internet searches on the Borrowers to ascertain whether there has been negative publicity relating to their business, which may have indicated that the Borrowers will be unable to make payments as they fall due.
- We have considered the implications of COVID-19 on the Borrowers and their business model. The Borrowers use the funds to purchase assets which are leased on to a third party. We have considered the implications that COVID-19 may have on their lessees' ability to meet their obligations under their lease, and therefore in turn the Borrowers ability to meet their obligations on their loans.
- We have received a confirmation from the Servicer, Link Lease Equipment Rental LLC, that as at 23rd June 2021 the Borrowers equipment has been inspected in line with the lease agreements and that there have been no defaults, arrears or loss of value to the equipment, due to usage or damage, beyond normal expected levels. We have not independently verified this confirmation statement.
- As disclosed in the directors report "The Notes are a limited recourse obligation of the Company, secured over the Receivables, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Receivables under the terms of the priority of payments as set out in the terms and conditions of the Notes". Consequently there is a right of set off of any impairment of the borrowings against the related amount due on the loan notes. This limited recourse condition mitigates for the company any impairment loss on Receivables.

*Key observations*

Based on the evidence we did not identify any indications that impairment of the loan balance is necessary.

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

### **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 Strategic Report or 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.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework FRS 102 and the UK tax compliance regulations. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to General Data Protection Regulation (GDPR), fraud, bribery and corruption. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur, by meeting with a number of individuals. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to areas of estimate and judgement in the financial statements (significantly the assessment of impairment of assets).

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
  - o Review of Board minutes;
  - o Reviewed large and unusual bank transactions;
  - o Challenging assumptions and judgements made by management in its significant accounting estimates, in particular in relation to assessment of impairment of assets; and
  - o Review of all manual inputs into the financial statements.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

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.

*Gerard Collins*

Gerard Collins (Senior Statutory Auditor)

for and on behalf of  
Ecovis Wingrave Yeats LLP  
Chartered Accountants & Statutory Auditor  
Waverley House  
7 12 Noel Street  
London  
W1F 8GQ  
Date: 25 June 2021

Statement of comprehensive income for the year ended 31 December 2020

	Note	01 January 2020 to 31 December 2020 \$	Restated 06 November 2018 to 31 December 2019 \$
Interest receivable and similar income	2	1,345,498	743,933
Interest payable and similar charges	3	(1,345,498)	(743,933)
<b>Net finance income</b>		-	-
Other income		-	-
<b>Net operating income</b>		-	-
Other operating expenses	4	-	-
<b>Result before taxation</b>		-	-
Tax on result	7	-	-
<b>Result after taxation</b>		-	-
Other comprehensive income		-	-
<b>Result and other comprehensive income for the year/period</b>		-	-

All amounts relate to continuing activities.

The accompanying notes on pages 17 to 27 are an integral part of these financial statements.

**Statement of changes in equity for the year ended 31 December 2020**

	<b>Called up share capital</b>	<b>Restated Profit and loss account</b>	<b>Restated Total shareholders' funds</b>
	\$	\$	\$
Balance as at 6th November 2018	-	-	-
Issue of Shares	16,586		16,586
Loss for the year		(701,933)	(701,933)
Balance as at 31 December 2019	<u>16,586</u>	<u>(701,933)</u>	<u>(685,347)</u>
Prior year adjustment	-	701,933	701,933
Balance as at 31 December 2019 (as restated)	<u>16,586</u>	-	16,586
Result for the year	-	-	-
Balance as at 31 December 2020	<u><b>16,586</b></u>	<u><b>-</b></u>	<u><b>16,586</b></u>

The accompanying notes on pages 17 to 27 are an integral part of these financial statements.

**Statement of financial position as at 31 December 2020**

	Note	2020 \$	Restated 2019 \$
<b>Current assets</b>			
Receivables due after more than a year	8	17,907,050	12,162,349
Trade and other receivables	9	61,117	140,192
Cash at bank and in hand		267,459	203,402
		<u>18,235,626</u>	<u>12,505,943</u>
<b>Creditors: amount falling due within one year</b>	10	<u>(588,191)</u>	<u>(560,357)</u>
<b>Net current assets</b>		17,647,435	11,945,586
<b>Total assets less current liabilities</b>		17,647,435	11,945,586
<b>Creditors: amounts falling due after more than one year</b>			
	10	(17,630,849)	(11,929,000)
<b>Net assets</b>		<u><u>16,586</u></u>	<u><u>16,586</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	16,586	16,586
Profit and loss account		-	-
<b>Total shareholders' fund</b>		<u><u>16,586</u></u>	<u><u>16,586</u></u>

The accompanying notes on pages 17 to 27 are an integral part of these financial statements.

The financial statements on pages 13 to 27 were approved and authorised for issue by the Board on 25 June 2021, and were signed on its behalf by;



Ian Hancock  
per pro **Intertrust Directors 1 Limited**  
as Director

**Statement of Cash flows for year ended 31 December 2020**

	Note	2020 \$	Restated 2019 \$
<b>Cash used in operating activities</b>			
Result from ordinary activities before taxation		-	-
Interest payable and similar charges	3	1,345,498	743,933
Interest receivable and similar charges	2	(1,345,498)	(743,933)
Decrease/(increase) in debtors	9	79,075	(104,066)
Increase in creditors	10	27,834	525,060
<b>Net cash inflow from operating activities</b>		<b>106,909</b>	<b>420,994</b>
<b>Cash flow from investing activities</b>			
Interest Received		1,301,363	707,807
Receivables	8	(5,744,701)	(12,162,349)
Arrangement Fee		-	-
<b>Net cash used to investing activities</b>		<b>(4,443,338)</b>	<b>(11,454,542)</b>
<b>Cash flow from financing activities</b>			
Issue of share capital		-	16,586
Interest paid on notes		(1,301,363)	(708,636)
Notes issued	10	5,701,849	11,929,000
<b>Net cash generated from financing activities</b>		<b>4,400,486</b>	<b>11,236,950</b>
<b>Increase in cash for the year/period</b>		<b>64,057</b>	<b>203,402</b>
<b>Cash at the beginning of the year/period</b>		<b>203,402</b>	<b>-</b>
<b>Cash at the end of the year/period</b>		<b>267,459</b>	<b>203,402</b>

Cash and cash equivalents comprise cash at bank and in hand.

**Notes forming part of the financial statements for the year ended 31 December 2020**

**1) Accounting policies**

***General information***

Linklease Finance Plc (the "Company"), a public company with limited liability, limited by shares, was incorporated as a special purpose company on 6 November 2018 in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of its registered office is 1 Bartholomew Lane, London, EC2N 2AX. The principal activity of the Company is set out in the Strategic Report.

The company is acting as principal in respect of the bonds and loans to the borrowers but agent in relation to recharged expenses so the notes, receivables, interest paid and received are shown gross but the transaction costs that are recharged at cost are not shown in the P&L as they net off to \$nil.

***Statement of compliance***

The financial statements of the Company are prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The Company has adopted and is in compliance with Financial Reporting Standard 102 ("FRS 102"). The accounting policies which have been applied consistently throughout the period to the Company's financial statements are set out below. The directors have adjusted the format of the statement of comprehensive income as allowed under Companies Act 2006 as in the opinion of the directors, net interest income is a more appropriate measurement of the Company's performance than turnover and cost of sales. The presentational and functional currency of these financial statements is U.S. Dollar. All amounts in the financial statements have been rounded to the nearest \$1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see below).

***Prior year adjustment***

The prior year figures have been restated due to operating expenses being covered by the borrowers are now being netted off, instead of being shown gross, as they were in the previous period's accounts. The income against the operating expenses was previously spread over the life of the notes and thus there was a mismatch between the income and expense, as we have now netted off the income against the operating expenses the Company has a neutral position on the statement of comprehensive income.

***Basis of preparation and Going concern***

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading over the foreseeable future versus the likelihood of either intending to or being forced to either cease trading or to place the Company into liquidation.

The Company has been designed to be profit neutral hence did not make any profit or loss (2019: \$ nil) for the year and had net assets of \$16,586 at 31 December 2020 (2019: \$16,586).

Under the terms of the Receivables agreement, all costs incurred by the Company are to be recharged to the Borrowers.

The ability of the Company to meet its obligations on the Notes and to meet its operating and administrative expenses is dependent principally on the performance of the Receivables. The Notes are a limited recourse obligation of the Company, secured over the Receivables, and the Company's ability to pay amounts due on the Notes are, in substance, limited to the application of the receipts from the Receivables under the terms of the priority of payments as set out in the terms and conditions of the Notes.

Since the balance sheet date, there has been a global pandemic from the outbreak of Covid-19, which is causing widespread disruption to financial markets and normal patterns of business activity across the world, including the UK. The directors have undertaken a going concern assessment, including a review of principal and emerging risks, including those in relation to Covid-19, and assessed the prospects of the Company. As a result of this assessment, the directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period in excess of 12 months from the date of this report.

**1) Accounting policies (continued)**

***Basis of preparation and Going concern (continued)***

After making enquiries regarding the quality of assets and the limited recourse nature of the Company's borrowings, the directors have formed a judgement that at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

***Financial assets***

The Company's financial assets comprise Receivables, interest receivable and cash at bank.

Receivables, in the scope of FRS 102 are accounted for in these financial statements as financial assets at amortised cost. The Company determined the classification of its financial assets at initial recognition. Financial assets are stated at amortised cost, with any gains or losses arising on re-measurement recognised in the statement of comprehensive income. Interest earned on the Receivables is included in the 'interest income' line item in the statement of comprehensive income.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

***Financial liability***

The Company's financial liabilities comprise trade payables and accrued expenses and interest-bearing borrowings. These are measured initially at the transaction price and thereafter at the amount of cash or other consideration expected to be paid.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

***Financial instruments***

In accordance with Section 11 of Financial Reporting Standard 102, the provisions of IAS 39 have been adopted in full with respect to the recognition and measurement of financial instruments.

***Segmental analysis***

The Company's operations are directed from the United Kingdom, and therefore while the Notes are listed and Borrowers are located in other countries, all transactions are instigated in the United Kingdom. The Company's results and net assets are derived from its investment in the Loan Receivables and therefore the directors consider there to be a single business and one geographic segment.

***Notes***

The Notes are classified as other financial liabilities and are initially recognised at cost at the date of issuance of the liability and are subsequently measured at amortised cost using the effective interest rate method.

***Impairment***

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

**1) Accounting policies (continued)**

***Impairment (continued)***

If there is objective evidence that an impairment loss on a financial asset classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the original effective interest rate of the instrument at initial recognition. Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. Once an impairment loss has been recognised on a financial asset, interest income is recognised on the carrying amount using the rate of interest at which estimated future cash flows were discounted on measuring impairment.

***Cash at bank and in hand***

Cash at bank and in hand comprises cash balances. In the event of borrower default and security being enforced, the use of the cash is restricted to a detailed priority of payments as per the investment memorandum and at which point would be considered restricted. Until such point there is no restriction on the cash.

***Interest receivable and similar income and interest payable and similar charges***

The Company accounts for interest income and expense on an accrual's basis. Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities is determined using the effective interest rate method ("EIR"). The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liabilities and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. In calculating the effective interest rate the Company estimates the cash flows considering all contracted terms but not future credit losses.

The calculation of the EIR includes all transaction costs and fees paid or receivable that are an integral part of the interest rate.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

***Deferred consideration***

Deferred consideration represents amounts payable to the Borrowers. The payment of these amounts is conditional on the performance of the Receivables, and therefore constitutes a liability in the books of the Company to the extent that such reserves have been generated and are expected to be paid as deferred consideration in the future. If the Company were to make losses in the future as a result of future impairments, the deferred consideration liability would reduce, but as at the year-end the directors believe that the accrued liability will be payable based on the information available at the balance sheet date.

Under the terms of the securitisation, the Company has no rights to retain any profit. Available revenue receipts are defined by the transaction documentation and include interest on the Receivables and interest received on the bank accounts. Any Profits in excess of the expenses are to accrue to the Borrowers, in the form of deferred consideration. The payments of deferred consideration are strictly governed by the priority of payments that sets out how cash can be utilised.

***Taxation***

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

**1) Accounting policies (continued)**

**Foreign exchange**

The functional currency of the Company is U.S. Dollar. The presentation currency of the Company is also U.S. Dollar. Transactions denominated in foreign currencies are translated into U.S. Dollar at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities are translated into U.S. Dollars at the rates of exchange ruling at the balance sheet date.

**Use of estimates and judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The judgments and estimates involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of the Company's financial condition and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

**Impairment losses on the Receivables**

The level of potential credit losses on the Receivables is uncertain and could depend on a number of micro and macro-economic factors that may affect repayment conditions and the value of the underlying collateral. The Company assesses impairment provisions based on historical and incurred loss experience and will calculate and recognise impairment when there is objective evidence of an impairment event having occurred.

The Receivables are considered impaired when it is probable that the Company will be unable to collect all amount due according to the contractual terms of the agreement. The key assumptions for recoverability relates to estimates of the probability of any account going into default, cash flows from the borrowers' accounts, their timing and expected proceeds from the sale of repossessed collateral. The key assumptions are based on observed data from historical patterns and are updated by the Servicer as new data becomes available.

**2) Interest receivable and similar income**

	<b>01 January 2020 to 31 December 2020</b>	<b>Restated 06 November 2018 to 31 December 2019</b>
	\$	\$
Income from purchased Receivables	<b>1,345,498</b>	<b>743,933</b>

**3) Interest payable and similar charges**

	<b>01 January 2020 to 31 December 2020</b>	<b>Restated 06 November 2018 to 31 December 2019</b>
	\$	\$
Interest on Notes	<b>1,345,498</b>	<b>743,933</b>

**4) Operating expenses**

As per the agreement all the expenses of the Company are borne by the Borrowers.

**5) Directors and Employees**

The Company has no employees and services required are contracted from third parties.

The directors received \$7,751 (2019: \$9,618) from the Company in respect of qualifying services rendered during the current year.

During the year, fees of \$46,920 (2019: \$69,086) were paid to Intertrust Management Limited for the provision of corporate administration to the Company; which included the provision of the directors to the Company.

**6) Result before taxation**

	<b>01 January 2020 to 31 December 2020</b>	<b>06 November 2018 to 31 December 2019</b>
	\$	\$
This has been arrived at after charging:		
Auditors' remuneration – audit services	<b>46,728</b>	<b>40,798</b>

There were no non-audit services provided during the year.

**7) Taxation on ordinary activities**

The tax assessed for the year is the same as the standard rate of corporation tax in the UK applied to profit before tax, as set out below:

	<b>01 January 2020 to 31 December 2020</b>	<b>Restated 06 November 2018 to 31 December 2019</b>
Profit on ordinary activities before tax	-	-
Current tax at 19%	-	-
Effects of:		
Non-(taxable)/deductible items	-	-
Total tax Credit	-	-
Total tax	-	-

As announced in the March 2021 Budget, the UK's corporation tax will remain at 19% for the financial year beginning 1 April 2021. The current 19% rate of corporation tax will continue until April 2023 when it will be increased to 25%. Companies with profits of £50,000 or less will continue to pay at 19% even after 1 April 2023.

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

8) Receivables

The Receivables are secured over business purpose equipment located in the United Arab Emirates.

	2020	Restated 2019
	\$	\$
Opening balance	12,162,349	-
Drawdown during the year	5,744,701	12,162,349
<b>Net Receivable from the Borrowers</b>	<b>17,907,050</b>	<b>12,162,349</b>

The maturity profile of the Receivables is as follows:

	2020	2019
In one year or less	-	-
In more than one year	17,907,050	12,162,349
	<b>17,907,050</b>	<b>12,162,349</b>

9) Trade and other Debtors

	2020	Restated 2019
	\$	\$
Accrued interest	61,117	36,126
Other debtors	-	104,066
	<b>61,117</b>	<b>140,192</b>

10) Creditors

	2020	Restated 2019
	\$	\$
<b>Amounts falling due within one year</b>		
Accrued interest payable	79,431	35,297
Accrued expenses	46,728	104,066
Other creditors	462,032	420,994
	<b>588,191</b>	<b>560,357</b>
<b>Amounts falling due after more than one year</b>		
USD Notes	16,919,000	11,929,000
GBP Notes	711,849	-
	<b>17,630,849</b>	<b>11,929,000</b>

The maturity profile of the Receivables was as follows:

In one year or less	-	-
In more than one year	17,630,849	11,929,000
	<b>17,630,849</b>	<b>11,929,000</b>

The Notes bear a fixed interest rate of 9% and are secured over the Receivable with a limited recourse payable on the final interest payment date; 19 December 2023 for USD Notes and 15 July 2025 for GBP Notes.

**11) Called up share capital**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Authorised</b>		
50,000 ordinary shares of £1 each	<u><b>50,000</b></u>	<u><b>50,000</b></u>
<b>Called up, issued and paid</b>		
Ordinary shares of £1 each: 49,999 quarter paid translated in USD	16,585	16,585
Ordinary shares of £1 each: 1 - fully paid translated in USD	1	1
	<u><b>16,586</b></u>	<u><b>16,586</b></u>

The Company is not subject to any externally proposed capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

**12) Reserves**

The Company's reserves are as follows:

- (i) Called up share capital represents the nominal value of shares issued.
- (ii) Profit and loss account represents the cumulative profit or losses, net of dividends and other adjustments.

**13) Reconciliation of net cash flow to movement in net debt**

	<b>At 31 December</b>	<b>Cash</b>	<b>At 31 December</b>
	<b>2019</b>	<b>Flow</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	203,402	64,057	267,459
Debt due within one year	-	-	-
Notes	(11,929,000)	(5,701,849)	(17,630,849)
	<u><b>(11,725,598)</b></u>	<u><b>(5,637,792)</b></u>	<u><b>(17,363,390)</b></u>

**14) Financial instruments**

The narrative disclosure required by Financial Reporting Standard 102 in relation to the nature of the financial instruments used during the period to manage credit risk, interest rate risk and liquidity exposure and its capital risk management policies is shown in the Strategic report under the heading 'Financial instruments'.

The Company's exposure to risks on its financial instruments and the management of such risks are largely determined from the inception of the securitisation transaction. The Company's activities and the role of each party to the transaction are clearly defined and documented.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

Following initial set-up, the directors monitor the Company's performance, reviewing reports that the Noteholders have been paid on a timely basis.

The table below shows the classification of the financial instruments of the Company at the year-end.

<b>2020</b>	<b>Fair value through profit and loss</b>	<b>Loans and receivables at amortised cost</b>	<b>Financial liabilities at amortised cost</b>	<b>Total carrying value</b>
	\$	\$	\$	\$
<b>Assets:</b>				
Receivables	-	17,907,050	-	17,907,050
Cash at bank and in hand	-	267,459	-	267,459
Other debtors	-	61,117	-	61,117
	<u>-</u>	<u><b>18,235,626</b></u>	<u>-</u>	<u><b>18,235,626</b></u>
<b>Liabilities:</b>				
Notes	-	-	17,630,849	17,630,849
Accruals and other creditors	-	-	588,191	588,191
	<u>-</u>	<u>-</u>	<u><b>18,219,040</b></u>	<u><b>18,219,040</b></u>
<b>Restated 2019</b>				
	\$	\$	\$	\$
<b>Assets:</b>				
Loan Receivable	-	12,162,349	-	12,162,349
Cash at bank and in hand	-	203,402	-	203,402
Other debtors	-	140,192	-	140,192
	<u>-</u>	<u><b>12,505,943</b></u>	<u>-</u>	<u><b>12,505,943</b></u>
<b>Liabilities:</b>				
Notes	-	-	11,929,000	11,929,000
Accruals and other creditors	-	-	560,357	560,357
	<u>-</u>	<u>-</u>	<u><b>12,489,357</b></u>	<u><b>12,489,357</b></u>

**Credit risk**

Credit risk reflects the risk that the underlying obligors of the Receivables or other transaction parties will not meet their obligations as they fall due.

**14) Financial instruments (continued)**

**Credit risk (continued)**

The Company's principal business objective rests on the performance of the Receivables. Although the Receivables are secured over business purpose equipment located in the United Arab Emirates, the Company has considered at origination the evaluation of an obligors' ability to service an agreement (namely lease, contract-hire or hire-purchase) according to its terms to be the principal factor in assessing the credit risk and the decision to acquire the Receivables.

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

	<b>Carrying Value 2020 \$</b>	<b>Maximum Exposure 2020 \$</b>	<b>Restated Carrying Value 2019 \$</b>	<b>Restated Maximum Exposure 2019 \$</b>
<b>Assets:</b>				
Receivables	17,907,050	17,907,050	12,162,349	12,162,349
Cash and cash equivalents	267,459	267,459	203,402	203,402
Debtors	61,117	61,117	140,192	140,192
	<b><u>18,235,626</u></b>	<b><u>18,235,626</u></b>	<b><u>12,505,943</u></b>	<b><u>12,505,943</u></b>

The Loan Receivable may become impaired in the event of a significant deterioration in the performance of the Receivables as a result of economic conditions. If a Borrower defaults on their agreement, the Company will receive asset realisation proceeds equivalent to the value of the asset at the time of sale. If it is difficult to find a purchaser for the assets or if there is insufficient excess spread to cover the losses, this may affect the value. The directors estimate that the performance of the Receivables would have to deteriorate substantially from the level as at the reporting date to provide for an impairment provision.

**Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at an unacceptable high cost. The Company's ability to meet payments on the Notes and its operating and administrative expenses as they fall due is dependent on timely receipt of funds which may be delayed due to slow repayments on the Receivables.

The Company's assets are financed principally by the issuance of the Notes. The financing policy substantially reduces the Company's liquidity risk by matching the maturity profile of the Company's funding to the profile of the assets being funded.

If not otherwise redeemed or purchased and cancelled, the Notes will be redeemed at their principal amounts outstanding on the IPD falling in December 2023 for USD Notes and 15 July 2025 for GBP Notes. However, due to the limited recourse obligations of the Company in respect of the Notes, the Company is only obliged to make payments of interest and principal on the Notes to the extent that repayments are received from the Receivables or from any security over the Receivables being realised.

**14) Financial instruments (continued)**

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of non-derivative financial instruments.

<b>As at 31 December 2020</b>	<b>Carrying value</b>	<b>Expected gross cash flows</b>	<b>In less than 1 month</b>	<b>1-3 months</b>	<b>3 -12 months</b>	<b>1 year to 5 years</b>	<b>After 5 years</b>
	\$	\$		\$	\$	\$	\$
Notes	17,630,849	17,630,849	-	-	-	17,630,849	-
Interest Payable on Notes	-	4,760,328	-	396,694	1,190,082	3,173,552	-
<b>Total financial liabilities</b>	<b>17,630,849</b>	<b>22,391,177</b>	<b>-</b>	<b>396,694</b>	<b>1,190,082</b>	<b>20,804,401</b>	<b>-</b>

  

<b>As at 31 December 2019</b>	<b>Carrying value</b>	<b>Expected gross cash flows</b>	<b>In less than 1 month</b>	<b>1-3 months</b>	<b>3 -12 months</b>	<b>1 year to 5 years</b>	<b>After 5 years</b>
	\$	\$		\$	\$	\$	\$
Notes	11,929,000	11,929,000	-	-	-	11,929,000	-
Interest payable on Notes	35,297	4,294,440	-	268,403	805,208	3,220,829	-
<b>Total financial liabilities</b>	<b>11,964,297</b>	<b>16,223,440</b>	<b>-</b>	<b>268,403</b>	<b>805,208</b>	<b>15,149,829</b>	<b>-</b>

The Notes have no contractual amortisation profile; if not otherwise repaid the Notes will follow the profile of the Receivables and will therefore be repaid at their principal amount outstanding on the final IPD 19 December 2023 for USD Notes and 15 July 2025 for GBP Notes. The contractual cash flows included in tables above relate to the contractual cash flows on the Receivables.

**Market risk**

Market risk is defined as potential loss in value or earnings of an organisation arising from changes in external market factors.

The Company is exposed to market risk in the form of interest rate risk.

**Interest rate risk**

Interest rate risk exists where interest rates on assets and liabilities are either set according to different basis or reset at different times. The Company is not exposed to interest rate risk because the Receivables and Notes are subject to fixed interest rates.

**Currency profile**

The Company's financial assets and liabilities are denominated in U.S. Dollar and GBP.

**Fair value of financial assets and liabilities**

The Company does not trade in financial instruments and therefore does not intend to dispose of the financial instruments until maturity.

Under the terms of the transaction documents, deferred consideration is paid to the Borrowers on each IPD, but only if, and to the extent that, there are sufficient funds after paying or providing in full for the liabilities of the Company which are to be paid in accordance with the priority of payments. No value is ascribed for future payments given the uncertainty in the estimation of future cash flows.

There are no financial instruments included in the Company's statement of financial position that are measured at fair value. The directors consider that the carrying amounts of all other financial assets and liabilities approximate to their fair values.

**15) Ultimate parent undertaking and controlling party**

The Company's immediate parent company is Linklease Finance Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The entire share capital of Linklease Finance Holdings Limited is held on a discretionary trust basis under a share trust deed by the legal parent company, Intertrust Corporate Services Limited, a company incorporated in the United Kingdom and registered in England and Wales. As the trustees are not entitled to any economic benefit and the beneficiaries do not have any decision-making power, there is no controlling party.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited.

**16) Related parties transactions**

The related parties are Intertrust Management Limited and Carl Maurizon, by virtue of their various roles and input into the securitisation arrangements to which the Company is a party.

All the Directors are considered key management and are considered to be the related parties to the Company. During the year Carl Maurizon who is an external director, received \$7,751 (2019: \$9,618) from the Company in respect of qualifying services rendered during the current year. Intertrust Management Limited charged fees of \$46,920 (2019: \$69,086) for the provision of corporate administration to the Company; which included the provision of the directors to the Company. No amounts are outstanding at the year end.

**17) Prior year adjustment**

As described in note 1, due to netting off the operating expenses with the associated arrangement fee there has been a restatement of prior year. This change has a number of consequential effects on the prior period financial statements as follows:

	<b>As previously reported 31 December 2019 £</b>	<b>Adjustment 31 December 2019 £</b>	<b>As restated 31 December 2019 £</b>
<b>Statement of comprehensive income:</b>			
Interest receivable and similar income	1,133,893	(389,960)	743,933
Interest payable and similar charges	(1,062,825)	318,892	(743,933)
Net interest expense	71,068	(71,068)	-
Other operating expenses	(937,652)	937,652	-
Corporation tax	164,651	(164,651)	-
Loss after taxation	(701,933)	701,933	-
<b>Statement of financial position:</b>			
Receivables due after more than a year	9,631,194	2,531,155	12,162,349
Trade and other receivables	277,677	(137,485)	140,192
Total Assets	10,112,273	2,393,670	12,505,943
Creditors: amount falling due within one year	(573,419)	13,062	(560,357)
Creditors: amounts falling due after more than one year	(10,224,201)	(1,704,799)	(11,929,000)
Capital and reserves			
Profit and loss account	(701,933)	701,933	-
Total shareholders' fund	(685,347)	701,933	16,586

**18) Events occurring after the reporting date**

There has been no significant post year event to report.