Company Registration No. 10007477 (England and Wales)

Minerva Lending PLC (Formerly Minerva Lending Ltd)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

MINERVA LENDING PLC (FORMERLY MINERVA LENDING LTD)

COMPANY INFORMATION

Directors	Phillip Reeves Knyght Ross Martin Hilton Andrews
Secretary	International Registrars Limited
Company number	10007477
Registered office	Level 3 207 Regent Street London W1B 3HH
Auditors	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	Metro Bank PLC One Southampton Row London WC1B 5HA

MINERVA LENDING PLC (FORMERLY MINERVA LENDING LTD)

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MINERVA LENDING PLC (FORMERLY MINERVA LENDING LTD)

CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2016

I am pleased to present the results of Minerva Lending Plc (formerly Minerva Lending Ltd) ("Company") for the period from incorporation on 16 February 2016 to 31 December 2016.

These are the first annual financial statements prepared for the Company. During the period, the Company has successfully issued £2,097,000 of Series 2 fixed term 10 year bonds on the Irish Stock Exchange. Since the period end, the Company has successful issued a further £202,000 of Series 3 fixed term 5 year bonds on the Irish Stock Exchange, as well as settling the semi-annual coupons for both Series.

Although we are in the initial stages of the Company's development, we made two investments in the target strategy asset backed loans. We expect to find further suitable investments in the next 12 months as the cash position of the Company increases from the further bond issuances, so that the business can be opportunistic and move quickly when the right opportunity arises.

We continue to work towards our business plan and expect the returns in this area to remain strong in the future to support the coupon rate payable on the bonds. Key updates on the business will be made available on our website at www.minervalending.com.

Phillip Reeves Knyght

Chairman

28 April 2017

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016

Principal activities and fair review of the business

The Company was incorporated on 16 February 2016 as Minerva Lending Limited. The Company re-registered from a private company to a public company on 10 March 2016. The Company's strategy is to predominantly focus on short-term, asset-backed loans to body corporates that meet the necessary borrower loan eligibility criteria as specified in the Base Prospectus.

The Company has made a loss of £91,108 for the period. The exceptional expenses that were incurred during the period related to the operational costs of the Secured Note Programme for fixed costs such as trustee fees, credit committee fees and collateral management fees which were incurred during the initial operating period. These costs will be recovered through the further deployment of funds raised and the interest rate margin on the loans made above the coupon rate payable. The Company has completed two investments during the period.

Going concern

The Directors' have assessed the Company as a going-concern. In arriving at this view, the Directors have reviewed the 2 year detailed forecasts for the Company and have reviewed this in light of the bonds issued to date being due for repayment in 2026. Despite the small loss in the period during the initial start-up phase, the Directors' believe this loss will be recovered through continued operations and deployment of the bond raising monies. The Directors' assessment is that the Company remains a going-concern for at least the next 12 months from the date of this report.

Principal risks and uncertainties

The business is at an early stage of income generation and as a result, aspects of its business strategy are not proven. At this stage the Company cannot with certainty say that it will generate the returns to the extent it has projected. The investment is intended to be long term in nature, which reflects the fixed term nature of the bonds.

Further discussion on risk and sensitivity analysis is discussed within note 4.

Key performance indicators
The performance indicators relate to revenue, cash and investments/loans made. Salient points are:

	2016
Loss for the period	(91,108)
Cash and cash equivalents	295,779
Investments	1,371,795

The reasons behind the loss for the period have been explained above and as this is the first period of operation, this does not reflect the expected performance of the Company. Cash and funds held with Metro Bank are on target. Investments were lower than anticipated due to funding only first becoming available in late August 2016 so the operations of the business are still in their infancy.

Dependence on key personnel
Whilst the Company's has entered into contractual arrangements with the aim of securing the services of its Directors, the retention of their services cannot be guaranteed.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

Future developments

The Company continues to investigate opportunities in its core market being short-term asset backed loans. The funds have only just started to be raised in August 2016 so we are in the first period of the bond raising and the business has been able to now place the funds raised to date with appropriate businesses. We shall continue to keep the bondholders aware of the developments of the business on the Company website and through regular market announcements.

On behalf of the board

Phillip Reeves Knyght

Director

28 April 2017

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016

The Directors present their report and financial statements for the period ended 31 December 2016.

Principal activities
The principal activity of the Company is to invest in short-term asset backed loans, please refer to the Strategic Report for further details.

Results and dividends
The results for the period are set out on page 9.

Future developments
These are detailed in the Strategic Report above.

Directors
The following Directors have held office during the period:

Phillip Reeves Knyght (appointed 4 May 2016)
Ross Martin Hilton Andrews (appointed 31 March 2017)
Matthieu Chauvel (appointed 3 March 2016, resigned 31 March 2017)
Christopher Robin Leslie Phillips (appointed 16 February 2016, resigned 4 May 2016)

Directors' interest
At the date of this report the Directors held the following beneficial interest in the ordinary share capital of the Company:

	2016
Phillip Reeves Knyght	50,000

Substantial interests
As at 31 December 2016 the following investors had an interest of 3% or more in the ordinary share capital of the Company:

	Ordinary shares No.	Percentage
Phillip Reeves Knyght	50,000	100%

Creditor payment policy
The Company's policy is to pay creditors within the agreed terms which are generally no more than 30 days.

Financial risk and management of capital
The major balances and financial risks to which the Company is exposed to and the controls in place to minimise those risks are disclosed in Note 4. The principal current asset of the business is cash. Therefore the principal financial instruments employed by the Company are cash or cash equivalents and the Directors ensure that the business maintains surplus cash reserves to minimise liquidity risk.

A description of how the Company manages its capital is also disclosed in Note 4.

The Board considers and reviews these risks on a strategic and day-to-day basis in order to minimise any potential exposure.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

Financial instruments

During the period, the Company has issued £2,097,000 Series 2 fixed term bonds with a maturity date of 22 August 2026. The bonds have a coupon rate of 5.5% per annum, with coupons payable semi-annually on 22 February and 22 August each year until maturity.

Auditors
UHY Hacker Young LLP were appointed auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General Meeting.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Company's financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union; 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 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. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors
Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

Phillip Reeves Knyght
Director

28 April 2017

CORPORATE GOVERNANCE STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2016

The board has sought to comply with a number of the provisions of the 2014 UK Corporate Governance Code ("the Code") in so far as it considers them to be appropriate to a Company of their size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code with which they do not comply.

Internal controls

The board is responsible for maintaining a sound system of internal controls to safeguard shareholders and bondholders' investment and the Company's assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard the Company's assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

- Review of annual financial reports and monitoring performance; and
- Prior approval of all significant expenditure/loans including all major investment decisions.

The board has reviewed the operation and effectiveness of the Company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MINERVA LENDING PLC

We have audited the financial statements of Minerva Lending Plc for the period ended 31 December 2016, which comprises the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes of equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditor's 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.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the Company's financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, Strategic Report and Directors Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Company's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the Company's loss and the Company's cash flows for the period then ended;
- The Company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors Report and the Strategic Report for the financial period for which the Company's financial statements are prepared is consistent with the Company's financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF MINERVA LENDING PLC

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

Marc Waterman
Senior Statutory Auditor

For and on behalf of
UHY Hacker Young LLP (Statutory Auditors)
Quadrant House
4 Thomas More Square
London E1W 1YW

Date: 28 April 2017

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Period of Incorporation from 16 February 2016 to 31 December 2016 £
Continuing operations		
Revenue		20,735
Administrative expenses	5	(76,846)
Operating loss	6	(56,111)
Finance costs	8	(34,997)
Loss on ordinary activities before taxation		(91,108)
Income tax expense	9	-
Loss for the period		(91,108)
Loss per share (expressed in pence per share)	10	(182.22)p

The notes on pages 13 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	As at 31 December 2016 £
Assets		
Current assets		
Cash and cash equivalents	**13**	295,779
Other receivables	**12**	368,181
Investments	**14**	1,371,795
Total assets		2,035,755
Equity and liabilities		
Equity attributable to owners of the Company		
Ordinary shares	**15**	50,000
Accumulated losses	**16**	(91,108)
Total equity		(41,108)
Liabilities		
Current Liabilities		
Trade and other payables	**17**	81,901
Non-current liabilities		
Borrowings	**18**	1,994,962
Total liabilities		2,076,863
Total equity and liabilities		2,035,755

The notes on pages 13 to 23 form part of these financial statements.

Approved by the Board and authorised for issue on 28 April 2017.

Phillip Reeves Knyght
Director

Company Registration No. 10007477

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Period of Incorporation from 16 February 2016 to 31 December 2016
		£
Cash flows from operating activities		
Net cash outflow from operating activities	19	(459,656)
Net cash utilised in operating activities		(459,656)
Cash flows from investing activities		
Loan provided to eligible borrowers		(1,351,061)
Net cash utilised in investing activities		(1,351,061)
Cash flows from financing activities		
Proceeds from issue of loan notes		2,106,495
Net cash generated from financing activities		2,106,495
Net increase in cash and cash equivalents		295,779
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of period		295,779

The notes on pages 13 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £	Accumulated losses £	Total £
On incorporation		50,000	-	50,000
Loss for the period		-	(91,108)	(91,108)
As at 31 December 2016		**50,000**	**(91,108)**	**(41,108)**

Share capital is the amount subscribed for shares at nominal value.

Accumulated losses represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 13 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016

1 General information

Minerva Lending Plc (formerly Minerva Lending Limited) was founded in February 2016 to predominantly focus on short-term, asset-backed loans to body corporates that meet the necessary borrower eligibility criteria. It is the Directors' intention to mainly target investments of a 3-12 month durations that will be funded by way of the issuance of a fixed term bonds. The Company is both based and has been incorporated in the United Kingdom. The address of the registered office is disclosed on the Company information page at the front of the Annual Report.

The Company is a public limited company and is listed on the Main Securities Market of the Irish Stock Exchange.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Going Concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon the issuance of further long-term bonds. These bonds are not due for repayment until 2021 so the Directors believe the going concern basis is appropriate despite the small negative net asset position at period end.

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

New and amended standards adopted by the Company

The Company has adopted the following new and amended IFRSs as of 31 December 2016. This is the Company's first financial period end, so all accounting standards are being applied for the first time.

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

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 16 February 2016 and have not been early adopted:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

2.1 Basis of preparation (Continued)

Reference	Title	Summary	Application date of standard (Periods commencing on or after)
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	1 January 2016
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures.	1 January 2017
Amendments to IFRS 11	Joint arrangements	On acquisitions of interest in joint operations	1 January 2016
Amendments to IAS 16 and IAS 41	IAS 16: Property plant and equipment and IAS 41: Agriculture	On Bearer plants	1 January 2016
Amendments to IAS 16 and IAS 38	Intangible Assets	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 27	Separate financial statements	Equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 and IAS 28	IFRS 10:Consolidated financial and IAS 28: Investments in Associates	Investment entities: Applying the consolidation exception	1 January 2016
Amendments to IFRS 10 and IAS 28	IFRS 10:Consolidated financial and IAS 28: Investments in Associates	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to IAS 1	Presentation of Financial statements	Disclosure initiative	1 January 2016
Improvements to IFRS 5	Non-current assets held for sale and discontinued operations	Methods of disposal	1 January 2016
Improvements to IFRS 7	Financial instruments	Disclosures on servicing contracts and interim financial statements	1 January 2016
Improvements to IAS 19	Employee benefits	Determining the discount rates for post-employment obligations	1 January 2016
Improvements to IAS 34	Interim financial reporting	Information disclosed elsewhere in the interim financial report	1 January 2016
IFRS 9	Financial instruments	Requirements on the classification and measurement of financial assets and liabilities and includes an expected credit losses model which replaces the current incurred loss impairment model. Also includes the hedging amendment that was issued in 2013	1 January 2018

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Company.

2.2 Financial assets and liabilities

The Company classifies it financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

2.2 Financial assets and liabilities (Continued)

(b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership. In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

Fair value measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Company establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

2.3 Revenue

Revenue will comprise interest income using the effective interest method. The effective interest method calculates the amortised cost of a financial asset and allocated the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses.

2.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.5 Investments

Investments represent loans made in accordance with the investment mandate of the Company. They are valued at the relevant cost and are held as current assets.

2.6 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.10 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

2.10 Income tax expense (cont'd)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3 Critical accounting estimates and judgments

The Company makes certain judgements and estimates that affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company assets include loans made to related and third party companies. The Directors do not believe the loans require any provisions against recovery of the principal or interest at the period end.

4 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

4.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Credit risk
The Company's take on exposure to credit risk, which is this risk that the counterparty will be unable to pay amounts in full when due. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also maintained by obtaining collateral, the loans to customers include debentures and personal guarantees and the Directors therefore believe there is a low risk of customer default.
The maximum exposure to credit risk for the Company's was as follows:

Credit risk exposure relating to on-balance sheet assets are as follows:	**2016** **£**
Other receivables	368,181
Investments	1,371,795
At 31 December 2016	1,739,976

4.1 Financial risk factors (Continued)

b) Cash flow and Interest rate risk
The Company's borrowings are at a fixed rate of interest exposing the Company to fair value interest rate risk. The Company does not manage any cash flow interest rate risk.

c) Liquidity risk
The Company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the debentures. This applies equally to the underlying investments of the companies or projects in which the Company invests.

d) Capital risk
The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investments are closely monitored.

e) Market risk
A general economic downturn at a global level, or in one of the world's leading economies, could impact on the Company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the Company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the Company's operations. These risks are also applicable to most companies and the risk that the Company will be more affected than the majority of companies is assessed as small.

f) Price risk
The Company's principal activity is short-term business loans. The Company does not have a diversified portfolio of assets and is therefore at risk.

4.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels.

5 Administrative Expenses

Administrative expenses are comprised of the following:

	£
Trustee fees	18,517
Directors fees & PAYE	13,854
Loan origination fees	11,663
Audit fees	10,000
Settlement and pricing agent fees	8,877
Collateral management fees	5,657
Credit committee fees	5,583
Other expenses	2,695
	76,846

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

6 Operating loss

	2016
	£
Operating loss is stated after charging:	
Audit fees	10,000

7 Staff costs

There were directors' fees totalling £13,854 incurred during the period.

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

	2016
	Number
Directors	2
Staff	-
	2

8 Finance costs

	2016
	£
Finance cost in relation to fixed term bonds	34,997

9 Taxation

	2016
	£
Total current tax	-
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	(91,108)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20%	(18,222)
Effects of:	
Tax losses carried forward	18,222
Current tax charge for the period	-

The Company has estimated tax losses of £91,108 available for carry forward against future trading profits.

The deferred tax asset at the period end of £18,222 has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

10 Loss per share

	2016
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:	
Loss after tax attributable to equity holders of the Company	(91,108)
Weighted average number of ordinary shares	50,000
Basic and diluted loss per share	(182.22)p

11 Dividends

No dividends were paid or proposed for the period to 31 December 2016.

12 Other receivables

	2016 £
Unpaid share capital	37,500
Receivable from Collateral Manager	237,089
Prepayments	81,092
Other debtors	12,500
	368,181

Other debtors relates to funds to be repaid by a UK limited company.

13 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2016 £
Cash and cash equivalents	295,779

The carrying amount of cash and cash equivalents approximates to its fair value.

14 Investments

	2016 £
Secured loans	1,371,795

Loans comprise of two loans of £755,457 and £616,338 including accrued interest to 31 December 2016 at 8% and 9% respectively per annum.

15 Share capital

	2016 £
Allotted and partly paid	
50,000 Ordinary shares of £1 each	50,000

The Company issued 100 fully paid ordinary share on 16 February 2016 at £1 to Christopher Robin Leslie. On 3 March 2016 a further 49,900 ordinary shares at £1 were issued, partly paid to 25 pence each. These shares were transferred to Phillip Reeves Knyght on 4 May 2016.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

16 Accumulated losses

	2016 £
Loss for the period	(91,108)
At 31 December 2016	(91,108)

17 Trade and other payables

	2016 £
Trade payables	40,507
Other payables	41,394
	81,901

Trade payables principally comprises amounts accrued for on-going expenses of the company and other payables comprises interest on issued bonds. The carrying amount of other payables approximates to its fair value.

18 Borrowings

	2016 £
Non-current	
Bonds	2,097,000
Unamortised finance costs	(102,038)
	1,994,962

All non-current borrowings are wholly repayable after five years. The debentures are secured by a first floating charge over all of the assets of the Company and bear interest of 5.5% per annum paid in semi-annual instalments. The debentures expire on 22 August 2026 and are due for repayment on this date.

The finance costs were incurred upon the placing of the bonds and were paid to third parties. These amounts are being amortised on a straight-line basis over the 10 year life of the bonds, the above balance represents the remaining unamortised amount.

19 Cash generated from operations

	2016 £
Reconciliation to cash generated from operations	
Cash receipts from customers	-
Cash paid to suppliers	(459,370)
Cash generated from operations	(459,370)
Interest expense	(286)
Net cash outflow from operating activities	(459,656)

20 Control

The ultimate controlling party at the date of this report is Phillip Reeves Knyght, the 100% owner of the share capital.

21 Related party transactions

During the period there were related party transactions with Minerva Lending Management Limited (the "Collateral Manager"). The Collateral Manager is a related party as it is contracted by Minerva Lending Plc to provide collateral management services, including administration services as specified in the Base Prospectus. During the reporting period, setup costs were paid by Minerva Lending Plc which are to be repaid by the Collateral Manager totaling £237,089.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2016

22 Contingent liabilities

The Company has no contingent liabilities.

23 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

24 Events after the reporting period

Following the period end, the Company has issued £202,000 of Series 3 bonds. The Series 3 bonds are 5-year bonds which mature on 2 September 2021. The Company has also made the semi-annual coupon payments for both Series 2 and Series 3 bonds in accordance with their final terms for £57,667.50 and £2,415.00 respectively.