
CDV-2, LTD.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



CDV-2, LTD.

COMPANY INFORMATION

Directors	J J Gallagher J L Woolf
Registered number	04434554
Registered office	3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditor 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

J J Gallagher
J L Woolf

Disclosure of information to auditors

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

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

Auditors

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

CDV-2, LTD.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Small companies note

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

This report was approved by the board on 22 / 8 / 19 and signed on its behalf.

J L Woolf
Director



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CDV-2, LTD.

Opinion

We have audited the financial statements of CDV-2, Ltd. (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position 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 2018 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

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CDV-2, LTD. (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CDV-2, LTD. (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Barnes Roffe LLP

Nigel Goodman (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditor
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

Date: 10th September 2019

CDV-2, LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 CZK	2017 CZK
Revenue	4,343,816	5,759,063
Gross profit	4,343,816	5,759,063
Administrative expenses	(1,150,844)	(3,907,915)
Operating profit	3,192,972	1,851,148
Interest receivable and similar income	3,551	-
Interest payable and expenses	-	(9,820)
Profit before tax	3,196,523	1,841,328
Tax on profit	(518,769)	(192,620)
Profit for the financial year	2,677,754	1,648,708
Total comprehensive income for the year	2,677,754	1,648,708

The notes on pages 8 to 12 form part of these financial statements.

CDV-2, LTD.
REGISTERED NUMBER: 04434554

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	CZK	2018 CZK	CZK	2017 CZK
Current assets					
Debtors: amounts falling due within one year	6	10,114,837		10,091,346	
Cash at bank and in hand	7	3,559,868		1,202,985	
		<u>13,674,705</u>		<u>11,294,331</u>	
Creditors: amounts falling due within one year	8	(811,858)		(1,109,238)	
Net current assets			12,862,847		10,185,093
Net assets			<u>12,862,847</u>		<u>10,185,093</u>
Capital and reserves					
Called up share capital	9		10,048		10,048
Profit and loss account			12,852,799		10,175,045
			<u>12,862,847</u>		<u>10,185,093</u>

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

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

22/8/19

J L Woolf
Director



The notes on pages 8 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

CDV-2, Limited., is a company limited by shares, incorporated in England and Wales. The address of registered office is 3 Brook Business Centre, Cowley Mill Road, Uxbridge, Middlesex, UB8 2FX.

The company specialises in holding portfolios of non-performing loan receivables.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis as the company has net current assets of CZK 12,862,847 (2017 - CZK 10,185,093). The directors believe the going concern basis to be appropriate for this reason.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Czech Koruna (CZK).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Revenue

Revenue has been disclosed instead of turnover as this more meaningfully reflects the nature and results of the Company's activities.

Revenue comprises income from non-performing loan receivables.

Revenue from non-performing loan receivables is only recognised once proceeds received exceed the purchase cost plus related acquisition costs of the loan, from which point collections received are recognised in the year of receipt. No interest income is accrued in respect of the loans.

2.5 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.7 Debtors

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

2.8 Cash and cash equivalents

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

2.9 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 Financial instruments

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

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2017 - 2).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Directors' remuneration

No remuneration was paid to the directors during the year (2017: CZK Nil).

5. Dividends

	2018 CZK	2017 CZK
Dividends payable	-	900,000
	<u>-</u>	<u>900,000</u>

6. Debtors

	2018 CZK	2017 CZK
Amounts owed by group undertakings	10,037,938	10,088,118
Other debtors	76,899	3,228
	<u>10,114,837</u>	<u>10,091,346</u>

7. Cash and cash equivalents

	2018 CZK	2017 CZK
Cash at bank and in hand	3,559,868	1,202,985
	<u>3,559,868</u>	<u>1,202,985</u>

8. Creditors: Amounts falling due within one year

	2018 CZK	2017 CZK
Amounts owed to group undertakings	-	500,000
Accruals and deferred income	811,858	609,238
	<u>811,858</u>	<u>1,109,238</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Share capital

	2018 CZK	2017 CZK
Allotted, called up and fully paid		
1 Ordinary share of £1	48	48
9,000 Class A Redeemable shares of CZK 1 each	9,000	9,000
1,000 Class B Redeemable shares of CZK 1 each	1,000	1,000
	10,048	10,048

The Class A and Class B Redeemable shares are redeemable at par, there is no fixed expiry date on their redemption and they are redeemable at the option of the company. The Redeemable shares have the same rights to dividends, voting rights and priority on winding up as the ordinary share.

The share capital is translated at the historic rates prevailing on the date of issue.

10. Related party transactions

During the year under review the company incurred loan servicing management charges amounting to CZK Nil (2017 - CZK 30,972) from a related undertaking. At the year end the company owed CZK Nil (2017 - CZK Nil) to the related undertaking.

During the year the company paid a dividend amounting to CZK Nil (2017 - CZK 900,000) to the parent company. At the year end the company owed the parent company CZK Nil (2017 - CZK 500,000).

At the year end the company was owed CZK Nil (2017 - CZK 41,804) by a fellow subsidiary. During the year the company refunded the subsidiary CZK Nil (2017 - CZK 41,804).

At the year end a fellow subsidiary owed CZK 10,037,938 (2017 - CZK 10,046,314) to the company.

11. Controlling party

The company's immediate parent undertaking is Prague Property Holding (BVI) Limited, a company registered in the British Virgin Islands and the ultimate controlling party is Artemis Trustees Limited as trustee of a discretionary settlement.