APTIMUS CAPITAL PARTNERS (LONDON) LIMITED

FORMERLY

BE-SPOKE CAPITAL (LONDON) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

REGISTERED NUMBER: 11618544

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APTIMUS CAPITAL PARTNERS (LONDON) LIMITED
REGISTERED NUMBER: 11618544
FOR THE YEAR ENDED 31 DECEMBER 2022

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APTIMUS CAPITAL PARTNERS (LONDON) LIMITED
REGISTERED NUMBER: 11618544
FOR THE YEAR ENDED 31 DECEMBER 2022

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	Richard Austin Stevens Jocelyn Elizabeth Roberts Stirling (appointed on 1 February 2022) Andrew Philip Godson (appointed on 1 February 2022) Catherine Jane Price (resigned on 1 February 2022) Marjorie Ellen Hogan (resigned on 1 February 2022)
REGISTERED OFFICE:	One Fleet Place London England EC4M 7WS United Kingdom
REGISTERED NUMBER:	11618544
INDEPENDENT AUDITOR:	Grant Thornton Chartered Accountants and Statutory Auditors 13-18 City Quay Dublin 2 D02 ED70 Ireland
PRINCIPAL BANKER:	NatWest Bank PLC 94 Moorgate Finsbury London EC2M 6UR United Kingdom
LEGAL ADVISOR	Dentons UK and Middle East LLP One Fleet Place London England EC4M 7WS United Kingdom
COMPANY SECRETARY	Intertrust UK 1 Bartholomew Lane London England EC2N 2AX United Kingdom

STRATEGIC REPORT

The Directors present their strategic report on the affairs of Aptimus Capital Partners (London) Limited (the "Company") for the year ended 31 December 2022. The Aptimus Capital Partners Group ("ACP Group") consists of Aptimus Capital Partners (Ireland) Limited ("ACPI"), Aptimus Capital Partners (Spain) SL ("ACPS") and the Company. ACPI holds the entire issued share capital in each of ACPS and the Company and acts as the parent entity of ACP Group. Thus, ACPS and the Company are both direct wholly owned subsidiaries of ACPI.

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

REVIEW OF THE BUSINESS

The primary revenue of the Company in 2022 continued to be derived from activities relating to the origination and servicing of portfolios of private debt instruments provided to companies in the Spanish SME and lower middle market.

In the course of 2022 ACP Group completed the first phase of its private market investment offering build-out focused on creating attractive, niche investment products for institutional investors supported by deep underwriting and origination expertise. This resulted in the development of two principal strategies to address sustainable private credit opportunities in Iberia and in the UK that are designed to appeal to a broader institutional market. Significant business development resources have enabled ACP Group to lay the groundwork for new AUM to come into the business in the course of 2023 and 2024.

As part of this build out, the business has also developed a proprietary impact investment framework, which enables it to facilitate impact measurement techniques which can be used in an impact product offering. This framework is innovative, differentiated and provides an important underpinning for the ability to attract the many institutional investors who focus on sustainability and impact investments.

ACP Group has also expanded its product offering with respect to more opportunistic strategies focused in Private Credit, Renewable Energy Infrastructure and Special Opportunities.

Going forward, the business intends to continue to broaden its product and geographical capabilities leveraging the platform that has been created in order to facilitate future growth and diversification of revenues. The focus will remain on opportunity sets where there is a lack of alternative capital and on sustainable and/or impact related strategies.

The Directors consider that the principal risk factor which could materially adversely affect the Company's future operating profits or financial position is changing regulatory policies in the European financial market, potentially impacting the appetite for private market investments.

RESULTS AND PERFORMANCE

The results for the financial year are set out on page 12. The Company generated a pre-tax loss of €5,093,587 (2021: €9,768,451) during the financial year. Operating overheads have expanded as the Company has continued to invest in the recruitment of highly qualified professionals, retention of key talent and further development of product and transactional capability with a view to creating the opportunity for growth and increased revenue in the coming years. Net liabilities stood at €9,308,097 (2021: €4,214,510) at the end of the financial year.

FUTURE DEVELOPMENTS

Going forward the business aims to become part of a broad private market investment platform across Spain, the UK and selected other European jurisdictions.

FINANCIAL INSTRUMENTS

The Company's principal financial assets are its bank balance, trade and other current receivables and financial assets held at fair value. The Company's credit risk is primarily attributable to its trade debtors and financial assets. The amounts presented in the Statement of Financial Position are net of provisions for doubtful debts. The credit risk on liquid assets is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company's principal financial liabilities are trade and other payables, lease liabilities and amounts due to related parties.

STRATEGIC REPORT - CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES

The Company continually monitors the risks and uncertainties that it faces via a mixture of formal and informal governance. Board meetings, senior leadership team, and the finance team all address key enterprise and financial risks on a regular basis. Set out below are the principal risks associated with the Company's activities together with the policies agreed by the Board for their management.

Financial risk

Financial risk arises through the Company's holdings in financial assets and financial liabilities. The key financial risk is that proceeds from financial assets are insufficient to fund obligations as they fall due. The most important components of financial risk are: interest rate risk, liquidity risk, credit risk, foreign currency risk and valuation risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is very limited, due to the structure of the assets and liabilities within the Company.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's policy and approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the reputation of ACP Group. The ACP Group utilises a rolling quarterly cash flow forecasting and trading results analysis to constantly monitor the liquidity of all companies within the group.

The Company has received a letter of support from the Company's parent, ACPI, and as such the liquidity risk is considered low.

Credit risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is managed by the Company by assessing the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial assets represents the maximum credit exposure.

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company is exposed to foreign exchange risk, arising mainly from foreign denominated transactions and recognized assets and liabilities in Pound Sterling.

Valuation risk

The Company's valuation risk is primarily attributable to the potential fair value loss on its debt instrument.

The investment in Z2 loan notes issued by Alhambra SME Funding 2019-1 DAC is classified as a debt instrument. The fair value of the Z2 loan notes is determined by reference to the performance of Alhambra SME Funding 2019-1 DAC.

STRATEGIC REPORT - CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES -continued

Economic risk

The conflict in Ukraine has continued although there has been little direct impact on Company activities. The Company has been proactive in understanding and where possible addressing secondary and tertiary risks from the conflict.

At the time of preparing this report, the Directors are of the opinion that there are no material uncertainties arising with respect to the activities and business of the Company indicating that the Company should not be continued.

Approved and signed on behalf of the Board:

Richard Austin Stevens
Director

Date: 20 July 2023

DIRECTORS' REPORT

The Directors present their annual report and financial statements of Aptimus Capital Partners (London) Limited (the "Company") for the year ended 31 December 2022.

DOMICILE AND LEGAL FORM

The Company is a private company limited by shares and is incorporated and domiciled in England. The registered office of the Company is One Fleet Place, London, England, EC4M 7WS.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company during the year under review was that of servicer to a portfolio of loans to SMEs with sales greater than €20 million and sustainable EBITDA.

For review of the business activities during the year and for future developments please refer to the Strategic Report on page 2.

DIRECTORS

The directors of the Company who served during the year and up to the date of signing were:

- Richard Austin Stevens
- Jocelyn Elizabeth Roberts Stirling (appointed on 1 February 2022)
- Andrew Philip Godson (appointed on 1 February 2022)
- Catherine Jane Price (resigned on 1 February 2022)
- Marjorie Ellen Hogan (resigned on 1 February 2022)

GOING CONCERN

The Directors have taken into consideration a range of factors including projections and financial support from group entities in coming to the assessment that there are no material uncertainties relating to going concern.

The Directors have considered cash projections and scenario analyses for both the Company and its investments. These projections are conservatively based on contractual income streams from monitoring and recovery fees in the portfolios under management, and the stabilized cash costs of the business such as staff costs, office costs, but excluding capitalised interest. The forecasts demonstrate that the Company will generate net income and is able to continue to operate with the financial resources available to it for at least a period of 12 months from the date of approval of the financial statements. In making this judgment the Directors have taken into account macro-economic and geopolitical considerations arising from, inter alia, the current macro-economic concerns around inflation and rising interest rates and the Russia/Ukraine conflict.

A significant portion of the Company's current liabilities as at 31 December 2022 are represented by loans from ACPI. The Directors have received a letter of support from ACPI that it will not call on the loans it has made to the Company for at least 12 months from the date of approval of these financial statements. Throughout the financial year ended 31 December 2022, ACPI had extended a total of €8,250,000 of loans to the Company.

As such the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the Company has adopted the going concern basis in preparing the financial statements.

POLITICAL DONATIONS AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations during the year under review (2021: €Nil).

DIVIDENDS

During the year under review, no dividend was paid or proposed (2021: €Nil).

EVENTS AFTER THE REPORTING PERIOD

On 31 January 2023, the Directors resolved to change the name of the Company to 'Aptimus Capital Partners (London) Limited'. In addition, the Company's parent, ACPI also re-branded on 31 January 2023 as Aptimus Capital (Ireland) Limited.

On 21 March 2023, the Company renewed its rental lease until 24 December 2024.

The main United Kingdom rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023.

On 28 April 2023, the Company was appointed servicer of Be-Spoke Loan Funding DAC.

During the second quarter of 2023, difficulties have emerged in the global banking sector, including at Silicon Valley Bank in the USA and Credit Suisse in Switzerland. The Directors are monitoring the situation closely and assessing if there will be any impact on the Company's operations.

There were no other significant events affecting the Company which required an adjustment to, or disclosure in, the consolidated financial statements. The Company evaluated the need for disclosures and/or adjustments resulting from any subsequent events through 20 July 2023, the date the consolidated financial statements were available to be issued.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies for the Company can be found within the Strategic Report.

DIRECTORS' INDEMNITIES

The Company has granted the Directors qualifying third-party indemnity provisions within the meaning given to the term by section 234 and 235 of the Companies Act 2006. This is in respect of liabilities to which they may become liable in their capacity as director of the Company. Such indemnities were in force throughout the financial year and will remain in force at the date of this report.

TREASURY POLICIES

The objectives of the Company are to manage financial risk, secure cost effective funding for the Company's operations, and to minimize the adverse effects of fluctuations in the financial markets on the Company's financial assets and liabilities on reported profitability and on cash flows of the Company.

The Company finances its activities with a combination of intercompany loan arrangements and shareholders' equity. Other financial assets and liabilities such as trade and other receivables and trade and other payables arise directly from the Company's operating activities. The Company does not trade in financial instruments and has no other form of derivatives.

USE OF FINANCIAL INSTRUMENTS

The main features of the Company's use of financial instruments can be found in the Strategic Report. The use of financial instruments forms part of this Director's Report and is incorporated into it by cross-reference.

INDEPENDENT AUDITORS

In accordance with section 485 of Companies Act 2006, the appropriate arrangements have been put in place for the reappointment of Grant Thornton as independent auditor of the Company.

DIRECTORS' REPORT - CONTINUED

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved and signed on behalf of the Board:

Richard Austin Stevens
Director

Date: 20 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with the 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 the UK-adopted International Accounting Standards (IAS). 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, International Accounting Standard 1 requires that the directors:

- select suitable accounting policies and then apply them consistently;
- state whether the UK-adopted International Accounting Standards (IAS) has been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume 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.

Approved and signed on behalf of the Board:

Richard Austin Stevens
Director

Date: 20 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APTIMUS CAPITAL PARTNERS (LONDON) LIMITED (FORMERLY BE-SPOKE CAPITAL (LONDON) LIMITED)

Opinion

We have audited the financial statements of Aptimus Capital Partners (London) Limited (or the "Company") which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows for the year ended 31 December 2022, and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK-adopted International Accounting Standards (IAS).

In our opinion, Aptimus Capital Partners (London) Limited's financial statements:

- give a true and fair view in accordance with the UK-adopted International Accounting Standards (IAS) of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended; 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 'Responsibilities of the auditor 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 FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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 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 the date when the financial statements are authorised for issue.

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

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Strategic Report and the Directors' Report. The directors are responsible for the other information. 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 in the financial statements, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APTIMUS CAPITAL PARTNERS (LONDON) LIMITED (FORMERLY BE-SPOKE CAPITAL (LONDON) LIMITED) (continued)

Opinions 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 any material misstatements in the Strategic Report and the Directors' Report. 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, 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 management and those charged with governance for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the management is responsible for the preparation of the financial statements which give a true and fair view in accordance with the UK-adopted International Accounting Standards (IAS), and for such internal control as directors determine 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, management is 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 auditor's report that includes their 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 an auditor's 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 auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APTIMUS CAPITAL PARTNERS (LONDON) LIMITED (FORMERLY BE-SPOKE CAPITAL (LONDON) LIMITED) (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with data protection, pension law and employment law and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. 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 posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional skepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- review of minutes of board meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- challenging assumptions and judgements made by management in their significant accounting estimates, including valuation of investments held at fair value, accruals of servicing costs in line with the transfer pricing policy and accounting for a long-term lease; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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.

David Lynch (Senior Statutory Auditor)
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Auditors
Dublin
Ireland

Date: 20 July 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 Dec 22 €	Year ended 31 Dec 21 €
Revenue	4	2,021,113	1,141,683
Cost of sales	5	(1,631,162)	(907,222)
Gross profit		**389,951**	**234,461**
Staff costs	6	(4,123,662)	(3,064,611)
Depreciation	11,12	(186,085)	(73,938)
Administrative expenses	7	(966,263)	(691,047)
Operating loss		**(4,886,059)**	**(3,595,135)**
Finance costs	9	(207,528)	(17,206)
Loss on revaluation of investment held at fair value	13	-	(6,156,110)
Net finance costs		(207,528)	(6,173,316)
Loss on ordinary activities before taxation		**(5,093,587)**	**(9,768,451)**
Corporation tax expense	10	-	-
Loss for the year		**(5,093,587)**	**(9,768,451)**
OTHER COMPREHENSIVE INCOME:			
Items that may be reclassified subsequently to profit or loss:			
Other reserves		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(5,093,587)**	**(9,768,451)**

All of the amounts above are in respect of continuing operations.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 €	31 Dec 2021 €
Non-current assets			
Property, plant and equipment	11	114,056	108,562
Right-of-use assets	12	30,756	184,212
Financial investments held at fair value	13	-	-
Other financial assets	14	58,596	58,333
Total non-current assets		**203,408**	**351,107**
Current assets			
Trade and other current receivables	16	121,632	185,103
Cash and cash equivalents	17	3,407,767	130,391
Total current assets		**3,529,399**	**315,494**
Total assets		**3,732,807**	**666,601**
Current liabilities			
Trade and other payables	18	(3,695,666)	(3,795,030)
Loans due to related parties	19	(9,345,238)	(902,062)
Lease liabilities	12	-	(184,019)
Total current liabilities		**(13,040,904)**	**(4,881,111)**
Total liabilities		**(13,040,904)**	**(4,881,111)**
Net liabilities		**(9,308,097)**	**(4,214,510)**
Capital and Reserves			
Share capital	20	100	100
Capital contribution	20	15,538,338	15,538,338
Accumulated losses	21	(24,846,535)	(19,752,948)
Shareholders' Equity		**(9,308,097)**	**(4,214,510)**

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The financial statements of the Company were approved and authorized for issue by the Board of Directors and were signed on its behalf by:

Richard Austin Stevens
Director
Date: 20 July 2023
Registered number: 11618544

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital €	Capital contribution €	Accumulated losses €	Total Equity €
Balance as at 1 January 2021	100	15,538,338	(9,984,497)	5,553,941
Loss for the year (Note 21)	-	-	(9,768,451)	(9,768,451)
Balance as at 31 December 2021 and 1 January 2022	**100**	**15,538,338**	**(19,752,948)**	**(4,214,510)**
Loss for the year (Note 21)	-	-	(5,093,587)	(5,093,587)
Balance as at 31 December 2022	**100**	**15,538,338**	**(24,846,535)**	**(9,308,097)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 €	31 Dec 2021 €
Cash flows from operating activities			
Loss for the year	21	(5,093,587)	(9,768,451)
Adjustments for:			
Depreciation on property, plant & equipment	11	38,545	12,534
Depreciation on right-of-use asset	12	147,540	61,404
Loss on revaluation of investment held at fair value	13	-	6,156,110
Interest on lease liabilities	9	14,351	10,144
Interest on loans	9	193,176	7,062
Working capital adjustment:			
Decrease in trade and other current receivables	16	63,471	792,683
Increase in trade and other payables	18	44,729	1,075,869
Increase in amount due to related parties	19	(144,356)	907,222
Net cash used in operating activities		**(4,736,131)**	**(745,423)**
Cash flows from investing activities			
Rent deposit paid	14	-	(36,531)
Payment of cost related to right-of-use asset	12	-	(5,001)
Purchase of property, plant and equipment	11	(44,039)	(121,096)
Net cash used in investing activities		(44,039)	(162,628)
Cash flows from financing activities			
Proceeds from loan	19	8,250,000	895,000
Payment of lease liabilities	12	(192,454)	(66,740)
Net cash flow from financing activities		8,057,546	828,260
Net increase/ (decrease) in cash and cash equivalents		3,277,376	(79,791)
Cash and cash equivalents at beginning of year		130,391	210,182
Cash and cash equivalents at the end of the year	17	**3,407,767**	**130,391**

The notes beginning on page 16 form an integral part of these audited financial statements.

1. General information

Aptimus Capital Partners (London) Limited (the "Company") is a private company limited by shares and incorporated on 11 October 2018 in England and Wales (United Kingdom) under the Companies Act 2006. The address of the registered office is One Fleet Place, London, England, EC4M 7WS.

2. Significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with the UK-adopted International Accounting Standards (IAS) and in accordance with the provisions of the UK Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements are prepared in Euros ('€'), the primary currency in which the Company operates ('Functional currency').

The financial statements have been prepared on a historical cost basis, except for:

- other financial investments consisting of investments in Z2 loan notes issued by Alhambra Funding 2019-1 DAC, which has been accounted for at fair value through profit and loss.

(b) Going concern

The Directors have taken into consideration a range of factors including projections and financial support from group entities in coming to the assessment that there are no material uncertainties relating to going concern.

The Directors have considered cash projections and scenario analyses for both the Company and its investments. These projections are conservatively based on contractual income streams from monitoring and recovery fees in the portfolios under management, and the stabilized cash costs of the business such as staff costs, office costs, but excluding capitalised interest. The forecasts demonstrate that the Company will generate net income and is able to continue to operate with the financial resources available to it for at least a period of 12 months from the date of approval of the financial statements. In making this judgment the Directors have taken into account macro-economic and geopolitical considerations arising from, inter alia, the current macro-economic concerns around inflation and rising interest rates and the Russia/Ukraine conflict.

A significant portion of the Company's current liabilities as at 31 December 2022 are represented by loans from ACPI. The Directors have received a letter of support from ACPI that it will not call on the loans it has made to the Company for at least 12 months from the date of approval of these financial statements. Throughout the financial year ended 31 December 2022, ACPI had extended a total of €8,250,000 of loans to the Company.

As such the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, the Company has adopted the going concern basis in preparing the financial statements.

(c) Significant accounting judgements and estimates

The preparation of financial statements in conformity with the UK-adopted International Accounting Standards (IAS), requires the use of accounting estimates and exercise of judgement by the Directors while applying the Company's accounting policies. These estimates are based on the Directors' best knowledge of the events, which existed at the financial position date; however, the actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Refer to note 3 for further details.

2. Significant accounting policies - continued

(d) Changes in accounting policies

There were no standards, amendments and interpretations adopted early by the Company.

The accounting policies adopted by the Company are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations which have been issued by the International Accounting Standards Board ("IASB") and have been adopted for use by the UK Endorsement Board for annual reporting periods beginning on or after 1 January 2022.

Amendments to IFRS 3 – Reference to the Conceptual Framework
The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts—Cost of Fulfilling a Contract
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. These amendments are effective for annual reporting periods beginning on or after 1 January 2022.

2. Significant accounting policies - continued

(d) Changes in accounting policies – continued

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases- Annual Improvements to IFRS Standards 2018-2020 Cycle
The Annual Improvements include amendments to three relevant Standards to the Company. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 1 First-time Adoption of International Financial Reporting Standards
The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

None of the above amendments had any material impact on the disclosures or on the amounts reported in these financial statements.

Standards, amendments to standards and interpretations not yet effective and relevant to the Company's operations:

At the date of authorization of the financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

Standard	Title of Standard or Interpretation	Effective date
IFRS 17 and Amendments to IFRS 17	IFRS 17 Insurance Contracts and Amendments to IFRS 17	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 8	Definition Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Leases on Sale and Leaseback	1 January 2024

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

2. Significant accounting policies - continued

(e) Financial instruments

1. Financial assets

Financial assets are recognised on their trade date, when the Company becomes party to the contractual provisions of the instrument. Financial assets consist of financial investments held at fair value, other financial assets, trade and other current receivables, and cash and cash equivalents.

Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, transaction costs.

Financial assets are classified in different measurement categories in accordance with their characteristics as follows:

i) Fair value through other comprehensive income ("FVOCI")

When an asset is measured using FVOCI, transaction costs can be capitalised as part of the initial cost of the investment. Similar to FVPL, the instrument would then be revalued to fair value at the year end. The big difference is where the gain or loss is recorded. In FVOCI, the gain or loss is recognised within Other Comprehensive Income and held in an investment reserve. In this way it is similar to the accounting for property, plant and equipment using the revaluation model. However unlike the treatment for a revaluation surplus, there can be a negative FVOCI reserve.

ii) Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of comprehensive income within 'Loss on revaluation of investment held at fair value" in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. The Company's financial investments held at fair value fall under this category.

iii) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest ("SPPI") and that are not designated at FVPL, are measured at amortised cost.

Trade and other current receivables, other financial assets and cash and cash equivalents have been classified under this category.

The Company reclassifies debt investments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the changes. Such changes are expected to be very infrequent and none has occurred during the year.

2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as trade and other payables, amount due to related parties and lease liabilities as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of trade and other payables, amount due to related parties and lease liabilities, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, amount due to related parties and lease liabilities.

2. Significant accounting policies - continued

(e) Financial instruments - continued

2. Financial liabilities - continued

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Amount due to related parties

Amounts owed to related parties are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables are recognised initially at fair value less transaction costs, if any. These are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

The lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contract is negotiated with a third party it is not possible to determine the interest rate that is implicit in the lease. Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs.

(f) Impairment of financial instruments

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the IFRS 9 requirements included financial assets measured at amortised cost.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' that result from possible default events within the 12 months after the reporting date are recognised for the first category while 'lifetime expected credit losses' that result from all possible default events over the expected life of a financial instrument are recognised for the second category.

For financial assets classified as at amortised cost, loss allowances are measured as 12-month ECLs unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the lifetime ECLs.

Indications that a significant increase in credit risk has occurred include the following:

- significant financial difficulty of the underlying company;
- economic downturn in the market or jurisdiction in which the underlying company operates;
- a breach of contract, such as a default or delinquency in interest or principal payments;

2. Significant accounting policies - continued

(f) Impairment of financial instruments - continued

- the Company granting to the underlying company, for economic or legal reasons relating to the underlying company's financial difficulty, a concession that the lender would not otherwise consider;
- it becoming probable that the underlying company will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company considers a financial asset to be in default when any of the conditions above are triggered.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECL amounts which are material are presented in the statement of financial position as a reduction from the gross carrying amount of the asset.

(g) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when its contractual obligation are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of comprehensive income.

(h) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are translated at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the statement of comprehensive income within administrative expenses.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

2. Significant accounting policies - continued

(i) Trade and other payables

Payables are financial liabilities with fixed or determinable values that are not quoted in an active market. They arise when the Company either receives services from another entity or purchases any security the settlement of which remains outstanding as at the financial position date. Payables are recognised initially at fair value less transaction costs, if any.

These are subsequently measured at amortised cost using the effective interest method. Given the nature of payables, however, and the short length of time involved between their origination and settlement, their amortised cost is the same as their fair value at the date of origination.

(j) Amount due to related parties

The related party transactions reflects the amounts due to the parent entity ACPI and ACPS, a related party under common control. Please refer to note 19.

(k) Trade and other current receivables

Trade and other current receivables are recorded initially at fair value and thereafter at net realisable value after deducting an allowance for impairment.

The Company makes judgements on a customer by customer basis as to its ability to collect outstanding receivables and provides an allowance for impairment based on a specific review of significant outstanding invoices.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other current receivables.

To measure the expected credit losses, trade and other current receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade and other current receivables are reasonable approximation.

(l) Finance costs

Finance costs comprise interest expenses and are recognised using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

(m) Revenue

Revenue is recognised at the fair value of the consideration received or receivable for the services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Revenue consists of servicing fees and recovery performance fees from acting as the servicer to the loans held by Alhambra SME Funding 2019-1 DAC.

(n) Finance income

Finance income comprises income generated from financial investments held at fair value and is recognised in the statement of comprehensive income in the period in which they are received or have an obligation to receive.

(o) Administrative expenses

Expenses are recognised in the statement of comprehensive income in the period in which they are incurred and include administration expenses such as marketing expenses, leasing fees, professional fees, foreign exchange differences, service charge expenses, legal fees, management fees, advisory fees and other operating expenses.

2. Significant accounting policies - continued

(p) Cost of sales

This relates to costs incurred in relation to transactions the Company entered with related parties in respect of servicing activities.

(q) Staff costs

Salaries include wages and salaries, bonuses, employee benefits, termination benefits and director fees. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

(r) Operating loss

Operating loss is stated after charging administrative expenses but before finance income and costs.

(s) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

(t) Property, plant and equipment

Property, plant and equipment are recorded at historical cost, less accumulated depreciation and impairment losses. Costs include prime costs, overheads and interest incurred in financing the construction of tangible fixed assets. Capitalisation of interest ceases when the asset is brought into use. Fixtures and fittings, art, leasehold improvements and other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on property, plant & equipment, on a straight-line basis, so as to write off their cost less residual amounts over their estimated useful economic lives. The estimated useful lives for each asset class is listed below:

- Furniture and fixtures — 10 years
- Art — 10 years
- Leasehold improvements — Length of the lease or 10 years, whichever is shorter
- Other tangible assets — 4 years

The Company's policy is to review the remaining useful economic lives and residual value of property, plant & equipment on an on-going basis and to adjust the depreciation charge to reflect the remaining estimated useful economic life and residual value.

Fully depreciated property, plant & equipment are retained in the cost of property, plant & equipment and related accumulated depreciation until they are removed from service. In the case of disposals, assets and related depreciation are removed from the financial statements and the net amount, less proceeds from disposal, is charged or credited to the statement of comprehensive income.

2. Significant accounting policies - continued

(u) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use assets and lease liabilities in its statement of financial position. The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or at the end of the lease term period. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contract is negotiated with a third party it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Company.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

(v) Capital management

For the purpose of the Company's capital management, capital includes issued share capital and retained earnings attributable to the Company's shareholder. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder.

The shareholder will provide loans to the Company in order to ensure that the Company can meet its ongoing financial obligations. These shall be provided at such times as the Company may require for working capital purposes or for meeting any obligation of the Company. The Company is not subject to any external capital requirements.

(w) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within current liabilities in the statement of financial position unless they form part of a cash pooling arrangement where there is an intention to settle on a net basis, in which case they are reported net of related cash balances.

2. Significant accounting policies - continued

(x) Corporation tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. Significant accounting policies - continued

(y) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event for which, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are recognised as the present value of the expenditures expected to be required to settle the obligation. No provision is recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision may be recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(z) Borrowing costs

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.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative would be recognised in other comprehensive income and released to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions 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.

3.1 Fair value measurement

Some of the Company's accounting policies require the measurement of the fair value. The Company has established a control framework with respect of the measurement of the fair values. This includes a valuation team that monitors all fair values including the Level 3 fair valuation.

Valuation models are used primarily to value unlisted equity for which markets were or have been inactive during the financial period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

3. Critical accounting judgements and key sources of estimation uncertainty - continued

3.1 Fair value measurement - continued

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table analyses within the fair value hierarchy of the Company's financial instruments (by class) measured at fair value during the current period:

(In Euros ("€"))	Level 1	Level 2	Level 3	Total
Year ended 31 December 2022				
Financial investments held at fair	-	-	-	-
	-	-	-	-

(In Euros ("€"))	Level 1	Level 2	Level 3	Total
Year ended 31 December 2021				
Financial investments held at fair value	-	-	-	-
	-	-	-	-

As set out above the financial assets are classified in level 3 of the fair value hierarchy as they are valued using a valuation technique that uses unobservable inputs. For the financial year ended 31 December 2022, the fair value of the Z2 loan notes is determined by reference to the performance of Alhambra SME Funding 2019-1 DAC.

The valuation of level 3 financial asset is based on the underlying value of Alhambra SME Funding 2019-1 DAC. If the value of Alhambra SME Funding 2019-1 DAC were to increase or decrease by 2% then the level 3 financial assets would increase or decrease by €nil (2021: €nil).

3. Critical accounting judgements and key sources of estimation uncertainty - continued

3.1 Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in these financial statements.

Income taxes and deferred taxes

During normal operation of the business, many transactions and calculations take place, for which the accurate calculation is uncertain. In the case that the final taxes after audit are different than the amounts initially posted, these differences will affect income tax and provisions for deferred tax during the year when the determination of tax differences took place. The Company believes that income tax and deferred taxes for the year have correctly been estimated and deferred taxes have been recognised to the extent that differences between accounting and taxable profits were considered to be temporary. Refer to note 10 and 15 for further details.

Key source(s) of estimation uncertainty

Financial investments

The Company's investment in Z2 loan notes issued by Alhambra Funding 2019-1 DAC is required to be measured at fair value at each balance sheet date. The investment is classified as Level 3 in the fair value hierarchy as it is not traded on an active market and the Directors have therefore estimated its fair value using valuation techniques which incorporate as much observable market data as is available, supplementing that information with unobservable market data where appropriate to support conclusions. Details of the valuation techniques applied set out in note 3.1 above; and the carrying value of the investment are set out in note 13.

Going concern

The Company incurred a loss of (€5,093,587) (2021: (€9,768,451)) for the financial year ended 31 December 2022 and had net liabilities of (€9,308,097) (2021: net liabilities €4,214,510). These conditions may cast doubt on the Company's ability to continue as a going concern. However, management have taken into consideration a range of factors including management forecasts and support from group entities in coming to the assessment that there are no material uncertainties relating to going concern. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption as stated in note 2(b) depends on the continued support of the Company's parent, ACPI. At group level, the going concern assumption depends on the outcome of the actions taken by the board of directors to return the group to profitability and meeting the business plan's new objectives and strategies that they approved. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence.

Property, plant and equipment

Useful lives and residual values of depreciable assets
Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates include but are not limited to technological obsolescence that may change the utility of certain software and IT equipment.

3. Critical accounting judgements and key sources of estimation uncertainty - continued

3.2 Critical judgements in applying the Company's accounting policies - continued

Key source(s) of estimation uncertainty - continued

Right-of-use assets and leases

Determination of appropriate discount rate to measure lease liabilities

The Company entered into a lease with a third-party landlord and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Company determined the incremental borrowing rate based on what interest rate it would expect to charge itself to borrow money to purchase a similar asset to that which is being leased. This rate is, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

Effect of estimation uncertainty

The effect of a change in the incremental borrowing rate for the lease entered into during the reporting period is shown in the table below:

2022

Estimate	Change in Estimate	Effect on Right-of-use asset	Effect on lease liability
Incremental borrowing rate	1% increase	Reduces by €1,287	Reduces by €1,144

2021

Estimate	Change in Estimate	Effect on Right-of-use asset	Effect on lease liability
Incremental borrowing rate	1% increase	Reduces by €1,287	Reduces by €1,144

4. Revenue

An analysis of the Company's turnover by class of business is as follows:

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Servicing fees	738,755	1,135,191
Recovery performance fees	1,282,358	5,332
Other income	-	1,160
Total revenue	**2,021,113**	**1,141,683**

All of the Company's turnover by geographic location is generated in Ireland. The Company's turnover disaggregated by pattern of revenue recognition is 100% service transferred over time.

5. Cost of sales

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Servicing costs including transfer pricing	(1,631,162)	(907,222)
	(1,631,162)	**(907,222)**

6. Staff costs

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Directors' fees	(17,500)	(6,896)
Salaries	(3,479,809)	(2,377,730)
Social security costs	(415,060)	(198,356)
Pension costs	(55,039)	(122,826)
Other employee related expenses	(156,254)	(358,803)
Total staff costs	**(4,123,662)**	**(3,064,611)**

Salaries include wages and salaries, bonuses, employee benefits and termination benefits.

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by an independent pension provider.

The average monthly number of employees during the year were as follows:

	Year ended 31 Dec 2022 Number	Year ended 31 Dec 2021 Number
Management	3	3
Administrative	9	4
Total	**12**	**7**

7. Administrative expenses

The following are the items of administrative expenses which are material due to the significance of their nature and/or amount:

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Rent	(162,213)	(104,791)
IT expenses	(95,991)	(230,140)
Accountancy fees	(9,387)	(24,271)
Consultancy	(215,373)	(58,805)
Travel & Entertainment	(212,365)	(88,469)
Legal fees	(50,212)	(19,714)
Auditors' remuneration	(21,100)	(15,197)
Taxation compliance services	(6,987)	(6,987)
Exchange losses	(24,479)	(72,658)

8. Auditors' remuneration

During the financial year, the Company obtained the following services from its auditors:

Amounts payable to Grant Thornton:

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Fees payable to the Company auditor for the audit of the Company's annual financial statements	(21,100)	(15,197)
Fees payable to the Company auditor for taxation compliance and advisory services to the Company	(6,987)	(6,987)
Fees charged to operating loss	**(28,087)**	**(22,184)**

No services were provided pursuant to contingent fee arrangements (2021: same)

9. Finance costs

Finance costs includes the following:

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Interest on intercompany loans	(193,177)	(7,062)
Interest on lease liabilities	(14,351)	(10,144)
	(207,528)	**(17,206)**

10. Corporation tax expense

Analysis of the tax charge. The tax charge on the profit before taxation was as follows:

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	€	€
Current tax:		
Current tax on loss for the year	-	-
Total current tax	-	-

Reconciliation of effective tax rate

Loss before taxation	(5,093,587)	(9,768,451)
Corporation tax at standard rate of 19%	(967,782)	(1,856,006)
Tax effects of:		
Non-deductible expenses	4,619	1,173,384
Capital allowance in excess of depreciation	(8,368)	(29,099)
Non-recognised deferred tax assets	971,531	711,721
Total tax benefit for the year	-	-

No deferred tax assets have been recognised for the carry-forward of unused tax losses and deductible temporary differences as management do not believe that it is possible that future taxable profit will be available against unused tax losses and deductible temporary differences.

Factors that may affect future tax charges

Following an announcement by the Chancellor the main UK corporation tax rate increased from 19% to 25% on 1 April 2023.Unrecognised deferred tax asset at the balance sheet date has been measured using the enacted tax rates.

11. Property, plant and equipment

Reconciliation of carrying value for the year ended 31 December 2022

	Art	Other tangible assets	Leasehold Improvements	Furniture & Fixtures	Total
	€	€	€	€	€
Opening balance	3,285	31,816	59,277	26,718	121,096
Additions	-	16,361	-	27,678	44,039
Disposals	-	-	-	-	-
Closing balance	3,285	48,177	59,277	54,396	165,135
Depreciation					
Opening balance	(137)	(1,404)	(9,880)	(1,113)	(12,534)
Depreciation	(219)	(10,065)	(23,052)	(5,209)	(38,545)
Closing balance	(356)	(11,469)	(32,932)	(6,322)	(51,079)
Carrying value 31 December 2022	2,929	36,708	26,345	48,074	114,056

11. Property, plant and equipment (continued)

Reconciliation of carrying value for the year ended 31 December 2021

	Art	Other tangible assets	Leasehold Improvements	Furniture & Fixtures	Total
	€	€	€	€	€
Opening balance	-	-	-	-	-
Additions	3,285	31,816	59,277	26,718	121,096
Disposals	-	-	-	-	-
Closing balance	**3,285**	**31,816**	**59,277**	**26,718**	**121,096**
Depreciation					
Opening balance	-	-	-	-	-
Depreciation	(137)	(1,404)	(9,880)	(1,113)	(12,534)
Closing balance	**(137)**	**(1,404)**	**(9,880)**	**(1,113)**	**(12,534)**
Carrying value 31 December 2021	**3,148**	**30,412**	**49,397**	**25,605**	**108,562**

12. Right-of-use assets and lease liabilities

Right-of-use assets	**Year ended 31 Dec 2022**	**Year ended 31 Dec 2021**
	€	€
Opening balance	184,212	-
Additions	-	245,616
Exchange rate differences	(5,916)	-
Depreciation	(147,540)	(61,404)
	30,756	**184,212**

Lease liabilities	**Year ended 31 Dec 2022**	**Year ended 31 Dec 2021**
	€	€
Opening balance	(184,019)	-
Additions	-	(240,615)
Accretion of interest	(14,351)	(10,144)
Exchange rate differences	5,916	-
Payments	192,454	66,740
	-	**(184,019)**

The Company makes use of leasing arrangements principally for the provision of office space. The commencement date of the lease contract was 4 August 2021. On 21 March 2023 the lease term was extended until 24 December 2024. This lease has been recognised in the statement of financial position as right-to-use assets and lease liabilities. The Company classifies its right-of-use assets in a consistent manner to property, plant and equipment. Lease liabilities are not secured by any underlying assets.

13. Financial assets held at fair value

	Year ended 31 Dec 2022	**Year ended 31 Dec 2021**
	€	€
At beginning of year	-	6,156,110
Revaluation	-	(6,156,110)
Carrying Value at end of the year	-	-

13. Financial investments held at fair value - continued

The financial investments held at fair value is the Z2 loan notes issued by Alhambra SME Funding 2019-I DAC.

Financial investments held at fair value are primarily measured at fair value except where their fair value cannot be reliably measured, in which case they are measured at cost less impairment. Refer to note 3.1 for further details.

14. Other financial assets

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	€	€
Rent deposit	58,596	58,333
	58,596	**58,333**

Other financial assets comprises rent deposit for the Company's new office space.

15. Deferred tax balances

The deferred tax rate for the financial period is 19%. The main UK corporation tax rate increased to 25% on 1 April 2023.

The potential deferred tax asset is in relation to the carried forward unused tax losses. No deferred tax asset has been recognised in relation to these carry forward amounts as management do not believe that it is possible that future taxable profit will be available against unused tax losses and deductible temporary differences. The value of the unrecognised deferred tax asset for the year 2022 is €971,531 (2021: €711,721).

16. Trade and other current receivables

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	€	€
VAT Control	42,937	110,958
Accrued income	16,820	45,519
Prepayments	61,876	26,971
Other debtors	-	1,655
Net cash and cash equivalents per the statements of cash flows	**121,632**	**185,103**

The Directors consider that the carrying amount of trade and other current receivables is approximately equal to their fair value.

All trade and other receivables are due within one year. Based on the review of the Directors, no impairment was recorded for the year (2021: Nil) as the expected losses were considered to be immaterial.

17. Cash and cash equivalents

The amounts disclosed on the Company's statement of cash flows in respect of cash and cash equivalents are in respect of these statement of financial position amounts:

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	€	€
Cash at bank	3,407,767	130,391
Net cash and cash equivalents per the statements of cash flows	**3,407,767**	**130,391**

17. Cash and cash equivalents - continued

The cash at bank balances are held with NatWest Bank. NatWest has short-term indebtedness rating P-2 (2021: P-2) by Moody's and A-2 (2021: A-2) by Standard and Poor's.

Based on the review of the Directors, no impairment was recorded (2021: Nil) as the cash and cash equivalents have a low credit risk based on the external credit ratings of the counterparty and any expected losses were considered to be immaterial.

18. Trade and other payables

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Trade creditors	(78,829)	(308,208)
Amounts owed to related parties	(1,978,983)	(2,123,339)
Accrued expenses	(1,637,854)	(1,363,483)
	(3,695,666)	**(3,795,030)**

The Directors consider that the carrying amount of trade payables and other current liabilities approximates their fair value. All trade and other payables are due within one year.

19. Loans due to related parties

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Loan due to ACPI	(9,145,000)	(895,000)
Interest accrual on loan to ACPI	(200,238)	(7,062)
	(9,345,238)	**(902,062)**

The loan due to ACPI is repayable at any time within 5 business days of ACPI's written demand. In addition, interest of 4% shall accrue on the principal amount outstanding and is payable quarterly in arrears.

20. Share capital

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
Authorised:		
100 ordinary shares of €1 each	100	100

	Year ended 31 Dec 2022 €	Period ended 31 Dec 2021 €
Issued and fully paid:		
100 ordinary shares of €1 each	100	100
At 31 December, 100 ordinary shares of €1 each	**100**	**100**

The capital of the Company is represented by the net assets attributable to the shareholders. The Company's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

The Company is not subject to any externally imposed capital requirements.

The holders of ordinary shares are entitled to participate in a distribution of dividends as declared from time to time and shall not confer the right to receive notice of or to attend and vote at a general meeting nor to receive or vote on written resolutions.

In addition to the authorised and fully paid up share capital described above, the sole shareholder has provided to date capital contributions which amount in aggregate to €15,538,338 (2021: €15,538,338) as at 31 December 2022.

21. Accumulated losses

	Year ended 31 Dec 2022 €	Year ended 31 Dec 2021 €
At beginning of the year	(19,752,948)	(9,984,497)
Loss for the year	(5,093,587)	(9,768,451)
At end of the year	**(24,846,535)**	**(19,752,948)**

22. Related party transactions

During the financial period, the Company entered into transactions, in the ordinary course of business, with related parties. The transactions and outstanding balances as at 31 December 2022 and 31 December 2021 with related parties, are as follows:

	Transactions with related parties	Amounts owed by related parties	Amounts owed to related parties
	Year ended 31 Dec 2022 €	Year ended 31 Dec 2022 €	Year ended 31 Dec 2022 €
ACPI (Parent company)			
- Servicing fees	(712,433)	-	(1,633,816)
- Loan taken	(8,250,000)	-	(9,145,000)
- Interest accrual on loan	(193,176)	-	(200,238)
ACPS (Related party under common control)			
- Servicing fees	856,789	-	(1,201,956)
Alhambra SME Funding 2019-1 DAC			
- Financial investments held at fair value	-	-	-
- Accrued income	(28,699)	16,820	-
- Servicing fees and recovery performance fees	2,021,113	-	-
	Year ended 31 Dec 2021 €	Year ended 31 Dec 2021 €	Year ended 31 Dec 2021 €
ACPI (Parent company)			
- Servicing fees	(392,724)	-	(921,383)
- Loan taken	(895,000)	-	(895,000)
- Interest accrual on loan	(7,062)	-	(7,062)
ACPS (Related party under common control)			
- Servicing fees	(514,498)	-	(1,201,956)
Alhambra SME Funding 2019-1 DAC			
- Financial investments held at fair value	-	-	-
- Accrued income	45,519	-	-
- Servicing fees and recovery performance fees	1,140,523	-	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the year the Company paid directors' remuneration of €17,500 (2021: €6,896).

23. *Capital commitments and contingent liabilities*

The Company does not have any capital commitments or contingent liabilities that have not been included in these financial statements.

24. Financial instruments

The Company's principal financial assets and liabilities comprise of financial investments and equity capital contributions. The main purpose of these capital contributions is to finance the Company's operations which consist of direct investment in the Z2 loan notes issued by Alhambra SME Funding 2019-1 DAC.

25. Financial risk management

(a) Principal risks and uncertainties

The Company continually monitors the risks and uncertainties that it faces by regular informal contact between the directors and other business partners. Set out below are the principal risks associated with the Company's activities, together with the policies agreed by the Board for their management.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is very limited, due to the structure of the assets and liabilities within the Company.

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company is exposed to foreign exchange risk, arising mainly from foreign denominated transactions and recognized assets and liabilities in Pound Sterling. The Company's only material foreign currency asset or liability at the end of the year was its Pound Sterling cash balance of €1,632,808 (2021: €22,392). If the pound weakens/strengthens versus the Euro by 5% this would entail a foreign exchange loss/gain of €81,640 (2021: €1,120).

Valuation risk

The Company's valuation risk is primarily attributable to the potential fair value loss on its debt instrument.

The investment in Z2 loan notes issued by Alhambra SME Funding 2019-1 DAC is classified as a debt instrument. The fair value of the Z2 loan notes is determined by reference to the performance of Alhambra SME Funding 2019-1 DAC.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's policy and approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the reputation of ACP Group. The ACP Group utilises a rolling monthly cash flow forecasting and trading results analysis to constantly monitor the liquidity of all companies within the group.

The Company has received a letter of support from the Company's parent, ACPI, and as such the liquidity risk is considered low.

25. Financial risk management - continued

(a) Principal risks and uncertainties - continued

Liquidity risk - continued

The table below summarises the Company's non-derivative financial liabilities as per IFRS 7.39 into relevant maturity profiles, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 5 years
	€	€	€	€
Year ended 31 Dec 2022				
Trade payables and other current liabilities	-	3,695,666	-	-
Lease liabilities	-	-	-	-
Loans due to related parties	-	9,345,238	-	-
Total	-	**13,040,904**	-	-
Year ended 31 Dec 2021				
Trade payables and other current liabilities	-	3,795,030	-	-
Lease liabilities	-	184,019	-	-
Loans due to related parties	-	902,062	-	-
Total	-	**4,881,111**	-	-

Credit risk

Credit risk is the risk that any counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is managed by the Company by assessing the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The carrying amount of financial assets represents the maximum credit exposure.

The ability of the Company to meet its obligations to make principal payments on the notes and to meet its operating and administrative expenses is dependent on the extent that it has such amounts available to it.

The maximum exposure to credit risk pre-collateral as stated above arising on the Company's financial assets at the reporting date is disclosed in the table below and is equivalent to the book value of the financial assets.

	Carrying value Principal	Carrying value Interest	Maximum exposure Total
	€	€	€
Year ended 31 Dec 2022			
Assets:			
Financial investments held at fair value	-	-	-
Trade and other current receivables	121,632	-	121,632
Cash and cash equivalents	3,407,767	-	3,407,767
Other financial assets	58,596	-	58,596
	3,587,995	-	3,587,995
Year ended 31 Dec 2021			
Assets:			
Financial investments held at fair value	-	-	-
Trade and other current receivables	185,103	-	185,103
Cash and cash equivalents	130,391	-	130,391
Other financial assets	58,333	-	58,333
	373,827	-	373,827

26. Controlling party

The Company is a wholly owned subsidiary undertaking of ACPI, a company established in Ireland.

The Company's ultimate parent undertaking, controlling party and largest group of which the Company is included is ACPI.

27. Events after the reporting period

On 31 January 2023, the Directors resolved to change the name of the Company to 'Aptimus Capital Partners (London) Limited'. In addition, the Company's parent, Be-Spoke Capital (Ireland) Limited, also re-branded on 31 January 2023 as Aptimus Capital (Ireland) Limited.

On 21 March 2023, the Company renewed its rental lease until 24 December 2024.

The main United Kingdom rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023.

On 28 April 2023, the Company was appointed servicer of Be-Spoke Loan Funding DAC.

During the second quarter of 2023, difficulties have emerged in the global banking sector, including at Silicon Valley Bank in the USA and Credit Suisse in Switzerland. The Directors are monitoring the situation closely and assessing if there will be any impact on the Company's operations.

There were no other significant events affecting the Company which required an adjustment to, or disclosure in, the consolidated financial statements. The Company evaluated the need for disclosures and/or adjustments resulting from any subsequent events through 30 June 2023, the date the consolidated financial statements were available to be issued.

28. Approval of financial statements

The directors approved the financial statements and authorised them for issue on 20 July 2023.