Hart Capital Partners

(Europe) PLC

Hart Capital Partners (Europe) p.l.c.
55D, Birbal Street, Balzan, BZN 9017, Malta
Company Registration Number C 100619
(the "Company")

COMPANY ANNOUNCEMENT

The following is a company announcement issued by Hart Capital Partners (Europe) p.l.c. (the Company) pursuant to Rule 4.11.13 of the Prospects Rules. All parties forming part of the Hart Capital Group, i.e. Hart Capital Partners (Europe) p.l.c and Hart Capital Partners (UK) Limited will be referred to as 'the Group'.

Reference is made to the company announcement issued by the Company on the 24 April 2023 (HRT02) in which the Board of Directors announced that it was scheduled to meet on the 28 April 2023 to consider and, if deemed appropriate, approve the Company's Annual Report and the audited Consolidated Financial Statements for the period ended 31 December 2022.

Today and as planned, the Company's Board of Directors met and approved the Annual Report and the audited Consolidated Financial Statements for the period ended 31 December 2022 and resolved that these be submitted for the approval of the shareholders at the Annual General Meeting.

The Board of Directors also authorised the publication of the Annual Report and the Consolidated Financial Statements which are available for viewing on the Company's website at www.hartcapitalpartners.mt.

Furthermore, the Company announces that its Annual General Meeting was also held on the 28 April 2023 during which:

1. the Company's Annual Report and audited Consolidated Financial Statements for the period ended 31st December 2022 were approved;
2. Horwath Malta were re-appointed as auditors of the Company for another year with the Directors authorized to fix the auditors' remuneration; and
3. All the Directors were re-appointed in accordance with the Articles of Association of the Company.

Furthermore, the Board of Directors note that for the period ended 31 December 2022, the Group registered a net loss after tax of €3k. This result represents a difference of circa €7k from the 2022 projections that were included in the Company Admission Document published on 20 October 2022, given that the projections had forecasted a net profit of €4k. This relatively small variance in absolute terms is mainly attributable to a five-month delay in raising the Bonds, given that whilst the projections were based on an issue date of 1 July 2022, the Bond Issue was actually concluded in November 2022.

A Tanti

Mr Alexander Tanti
Company Secretary
28 April 2023

HART CAPITAL PARTNERS (EUROPE) P.L.C.

Annual Report
and
Consolidated
Financial Statements
31 December 2022

Company Registration Number C 100619

CONTENTS

The directors present the annual report together with the audited financial statements of Hart Capital Partners (Europe) p.l.c. (the Company or the parent) and the Group, for the year ended 31 December 2022, which comprises the Company and its subsidiary Hart Capital Partners (UK) Limited (herein after referred to as the Group or the Hart Group).

Principal Activities

On 30 November 2022 Hart Capital Partners (Europe) p.l.c. raised €3,000,000 7.25% Secured Callable Bonds 2025 – 2027 which are admitted on Prospects MTF, a multi-lateral trading platform of the Malta Stock Exchange.

The Company's principal activity is to carry on the business of a finance company, principally by advancing funds raised to its subsidiary, Hart Capital Partners (UK) Limited, when and as required.

The principal activity of the subsidiary is to provide short-term financing to third party borrowers in search of commercial loans for property development within the United Kingdom (UK) property market. During the year ended 31 December 2022 the subsidiary gave a loan to a third party of €980,833. Further loans were entered into with a third party in the first quarter of 2023, in line with Group's business plan.

Performance Review

Hart Capital Partners (Europe) p.l.c. was incorporated on 18 January 2022. Consequently, the financial statements have been prepared for the 11.5 month period, from date of incorporation to 31 December 2022. During this period, the Group generated revenue of €36,724 which is mainly derived from interest receivable on a loan receivable from a third party. The Group's costs consist mainly of the interest payable on the bond and administrative costs comprising mainly of professional fees. The Group incurred a loss after tax of €3,360.

The Company is a finance company and generates its revenue in line with the loan agreement entered into with its subsidiary in 2022. The Company generated finance income amounting to €20,230 from loan advanced to subsidiary. It also generated income from management fee charged to its subsidiary amounting to €10,427. Interest expense on bonds amounted to €19,664. The Company's loss for the period amounted to €1,073.

The bond funds were received by the Company in November 2022. In 2023 the Group issued further loans of €1.7million funds received from the bond issue were advanced to third party customers.

Position Review

The Group's and the Company's asset base amounted to €3,822,824 and €2,837,823 as at 31 December 2022 respectively. For further detail refer to Note 15.

The Group's and the Company's main liabilities comprise the of €3,000,000 7.25% Secured Callable Bonds 2025-2027. The key asset consists of cash balance of €2,687,246 and loan receivable from third party amounting to €980,833.

Dividends and Reserves

The Board of Directors does not propose the payment of dividend. Accumulated losses carried forward at the reporting date amounted to €3,360 for the Group and €1,073 for the Company.

Financial Risk Management

The Group's and the Company's activities expose it to a variety of financial risks, including currency, credit and liquidity risk. These are further analysed in Note 22 to these financial statements.

Events Subsequent to the Statement of Financial Position Date

The directors assessed subsequent events from 1 January 2023 through 28 April 2023, the date these financial statements were approved. Through such assessment, the directors have determined that there were no particular important events outside the normal trading operations affecting the Group and the Company which occurred subsequent to the reporting date.

Future Developments

The directors intend to continue to operate in line with the current business plan.

Directors

Mr. Alexander Tanti (Executive)
Mr. Christon Burrows (Executive)
Mr. Victor Spiteri (Non-Executive and Chairman)
Mr. Joseph Galea (Non-Executive)

The Directors were all appointed upon the Company's incorporation.

The Board meets on a regular basis to discuss performance, position and other matters.

Statement of Directors' Responsibilities

The Maltese Companies Act, (Cap 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and the Company at the end of the financial period and of the profit or loss of the Group and the Company for that period.

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

- ensure that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable in the circumstances;
- adopt the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business as a going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and the Company and to enable the directors to ensure that the financial statements have been properly prepared in accordance with the Maltese Companies Act, (Cap 386). The directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Horwath Malta, have expressed their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the annual general meeting.

Additional disclosures

Going Concern

After making enquiries and taking into consideration future plans as explained in Note 2, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operating existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing these financial statements.

Principal risks and uncertainties

The Company's main asset consists of the loan receivable from its subsidiary and hence the Company is economically dependent on the business prospects of Hart Capital Partners (UK) Limited. Consequently, the operating results of the subsidiary have a direct effect on the Company's financial position and performance, including the ability of the Company to service its payment obligations under the issued bonds.

Hart Capital Partners (UK) Limited's ability to generate cash flows and earnings may be restricted by:

- Defaults on loans issued;
- Decline in the UK property market, particularly South East UK;
- Changes in availability of financing;
- Changes in political, economic, legal and social conditions in the UK;
- Changes in applicable laws and regulations;
- Other factors beyond the control of the subsidiary.

In this respect, the subsidiary company intends to continue to manage the loans issued to third parties in order to ensure sustainable financial results. The directors monitor closely the impact of events and the ability of the subsidiary to honour its financial commitments. In this regard, the directors are of the view that the amount receivable from the subsidiary by the Company is recoverable. A detailed review of the risk management policies adopted by the Company is included in Note 22 to these financial statements.

Share Capital Structure

The Company's authorised and issued share capital is €50,000 divided into 50,000 Ordinary Shares of €1 each.

Holdings in excess of 5% of Share Capital

On the basis of information available to the Company, as at 31 December 2022, ALT Holdings Limited and Eight Oaks Capital Limited held in equal proportion a total of 50,000 shares in the Company which is equivalent to 100% of its total issued share capital. There are no arrangements in place as at 31 December 2022, the operation of which may at a subsequent date result in a change in control of the Company.

Additional disclosures (continued)

Appointment and removal of directors

Appointment of directors shall be made at the Annual General Meeting of the Company. The directors shall hold office for a period of one year and are eligible for re-election. An election of the directors shall take place every year at the Annual General Meeting of the Company.

Powers of the Directors

The management and administration of the Company is vested in the Board of Directors. The powers of Board members are contained in Articles 112 to 122 of the Company's Articles of Association. There are no provisions in the Company's Memorandum and Articles of Association regulating the retirement or non-retirement of directors over an age limit.

Directors' Interests

As at 31 December 2022, non-Executive directors have no beneficial interest in the share capital of the Company. The Executive directors have an indirect beneficial interest in the share capital of the Company through their shares in ALT Holdings Limited and Eight Oaks Capital Limited. The Executive directors are also the ultimate beneficial owners of the Group.

Service Agreements with Board Members and Employees

As at the date hereof, the non-executive directors, Mr. Victor Spiteri and Mr. Joseph Galea are party to a director service agreement with the Company, pursuant to which their respective role, responsibilities, duties and the applicable remuneration are set out. The service agreement is of an indefinite duration.

None of the service agreements contain provisions for termination payments and other payments linked to early termination.

All directors may be removed from their post of director by ordinary resolution of the shareholders in a general meeting.

Material Contracts

The Company entered into a loan agreement with its subsidiary, Hart Capital Partners (UK) Limited for the transfer of funds received from the Bond issue. Details of such contract are set out in Note 12 to the financial statements.

Statement by the Directors on the Financial Statements and Other Information included in the Annual Report

In pursuant to Prospects MTF Rules the directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position and financial performance of the Group and the Company and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act (Cap. 386); and
- this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board of Directors and signed on its behalf by:

Mr. Alexander Tanti
Director

Mr. Victor Spiteri
Director and Chariman

Registered Address:
55D,
Birbal Street,
Balzan
BZN 9017

28 April 2023

Corporate Governance – Statement of Compliance

The Code adopted by the Company

Hart Capital Partners (Europe) p.l.c. (the 'Company') adheres to the Prospects MTF Rules in their entirety and the stipulations of the said rules in relation to dealing restrictions.

The Company also adheres to The Code of Principles of Good Corporate Governance annexed to the Listing Rules (the 'Code'). The Company is required by the Prospects MTF Rules to include, in the Annual Report, a Directors' Statement of Compliance which deals with the extent to which the Company has adopted the Code and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditor.

Compliance with the Code

The Board of Directors (the 'Board') of the Company believes in the adoption of the Code and has endorsed it except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of any specific recommendation. The Company has issued Bonds to the public and has no employees, accordingly some of the provisions are not applicable whilst others are applicable to a limited extent.

The Board

The Board sets the strategy and direction of the Company and retains direct responsibility for appraising and monitoring the Company's annual report and financial statements. The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Company so as to protect the interests of Bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Company's compliance with its continuing obligations in terms of the Prospects MTF Rules.

Chairperson and Chief Executive Officer

Due to the size structure of the Company and the nature of its operations, the Company does not employ a Chief Executive Officer (CEO). This function is undertaken by the Executive Directors.

The day-to-day running of the business is vested in the Executive Directors of the Company.

The Chairman is responsible for:
- leading the Board and setting its agenda;
- ensuring that the Directors of the Board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company;
- encouraging active engagement by all members of the board for discussion of complex or contentious issues.

Board Composition

As at 31 December 2022, the Board consists of two executive directors and two independent non-executive directors as follows:

Mr. Christon Burrows – Executive Director
Mr. Alexander Tanti – Executive Director
Mr. Victor Spiteri – Independent, Non-Executive Director and Chairman
Mr. Joseph Galea – Independent, Non-Executive Director

The Directors were all appointed upon the Company's incorporation. All directors shall hold office from the general meeting at which they are elected until the next annual general meeting. All retiring directors are eligible for re-election.

Internal Control

The Board is responsible for the internal control system of the Company and for reviewing its effectiveness. The internal control system is designed to achieve business objectives and to manage the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses and fraud.

Systems and procedures are in place to control, monitor, report and assess risks and their financial implications. Management accounts, budgets and strategic plans are prepared on a regular basis and are presented to the Board to monitor the performance of the Company on an on-going basis.

Attendance at Board Meetings

Directors meet regularly to review the financial performance of the Company and the system of internal control processes. Board members are notified of meetings by the Company Secretary with the issue of an agenda, which is circulated in advance of the meeting. All directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities at the Company's expense.

The Board met formally four times during the period under review. All members of the Board attended the meetings held during the period under review.

Committees

The Board does not consider it necessary to appoint a committee to carry out performance evaluation of its role, as the Board's performance is always under the scrutiny of the shareholders of the Company.

The Board considers that the size and operation of the Company does not warrant the setting up of nomination and remuneration committees. Appointments to the Board are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association. The Company considers that the members of the Board possess level of skill, knowledge and experiences expected in terms of the Code.

Audit Committee

The terms of reference of the Audit Committee consists of supporting the Board in their responsibilities in dealing with issues of risks, control and governance, and associated assurance.

Audit Committee (continued)

The Board set formal rules of engagement and terms of reference of the Audit Committee that establish its composition, role and function, the parameter of its remit and the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the respective board and is directly responsible and accountable to the Board. The Board reserves the right to change the Committee's terms of reference from time to time.

The Audit Committee has the role to deal with and advise the Board on;

- the monitoring over the financial reporting processes, financial policies, internal control structures and audit of annual consolidated financial statements;
- the monitoring of the performance of the subsidiary borrowing funds from the Company;
- maintaining communication on such matters between the board, management and independent auditors;
- facilitating the independence of the external audit process and addressing issues arising from the audit process and;
- preserving the Company's assets by understanding the Company's risk environment and determining how to deal with such risks.

The Audit Committee also has the role and function of considering and evaluating the arm's length nature of proposed transactions to be entered into by the Company with related parties.

The Members of the Audit Committee

The Audit Committee is presently composed of:

Mr. Joseph Galea (Chairman)
Mr. Victor Spiteri
Mr. Alexander Tanti

Mr. Joseph Galea and Mr. Victor Spiteri act as independent, non-executive members of the Committee. The Audit Committee is chaired by Mr. Joseph Galea, whilst Mr. Victor Spiteri and Mr. Alexander Tanti act as members. In compliance with the Prospects MTF Rules, Mr. Joseph Galea is the independent, non-executive director, who is competent in accounting and/or auditing matters. The Company believes that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

As stipulated in the terms of reference of the Audit Committee, the Chairman shall have a casting vote.

The Directors believe that the current set-up is sufficient to enable to Company to fulfil the objective of the Prospects MTF Rules' terms of reference in this regard.

The Audit Committee has met four times during the period under review.

Credit Committee

Each potential new transaction will be reviewed by the subsidiary's Credit Committee and will be assessed on its own merits. In particular, the Credit Committee will assess whether the transaction satisfies the Due Diligence Policy and it will make its recommendations to the subsidiary's board of directors as to whether the subsidiary should acquire and/or grant the loan, or otherwise. The ultimate decision to acquire and/or grant a loan vests solely in the board of directors of the subsidiary. In assessing the credit risk of a particular transaction, the Credit Committee will take into account the subsidiary's loan book at the time as well as the general market outlook. The market outlook will be based on external data, such as prices and respected commentators, as well as on the subsidiary's own contracts and research.

Once the subsidiary's board of directors approves the acquisition and/or granting of a loan, the Credit Committee will be required to approve all transaction documents related to the loan including, for example, the loan agreement. Such documents shall be made available to the Audit Committee for their review, upon request.

The Members of the Credit Committee

The Credit Committee is presently composed of:

Mr. Shane Pereira
Mr. Mark Lomas
Mr. Peter Easterbrook

Remuneration Statement

Pursuant to the Company's Articles of Association, the maximum aggregate emoluments that may be paid to directors are approved by the shareholders in a general meeting. The directors total remuneration during the period under review was €6,000.

The remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

As at the date hereof, the non-executive directors, Mr. Joseph Galea and Mr. Victor Spiteri are party to a director service agreement with the Company, pursuant to which their respective role, responsibilities, duties and the applicable remuneration are set out. The service agreement is of an indefinite duration. None of the service agreements contain provisions for termination payments and other payments linked to early termination.

Conflict of interests

The directors are aware of their responsibility to always act in the best interest of the Company and its shareholders as a whole, irrespective of who appointed them to the Board. In accordance with the Company's Articles of Association, the directors shall be obliged to disclose their interest in a contract, arrangement or proposal with the Company in accordance with article 145 of the Act, and a director shall not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he has a material interest, whether direct or indirect. Furthermore, the Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company.

Conflict of interests (continued)

During the financial period under review, no private interests or duties unrelated to the Company were disclosed by the directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards, the Company. Mr. Alexander Tanti and Mr. Christon Burrows, have a direct beneficial interest in the share capital of the Company, and as such are susceptible to conflicts arising between the potentially diverging interests of the shareholders and the Company.

Lastly, the Company has also adopted a document entitled 'Code of Dealing for Directors & Selected Officers and Employees' addressed to all directors and selected officers of the Company. The aim behind this Code is to ensure compliance with the dealing rules applicable to such persons. The Company reminds all directors and senior officers of their obligation to conform to the Code of Dealing on a regular basis.

Relations with bondholders and the market

The Company publishes annual financial statements, and when required, company announcements. The Board feels these provide the market with adequate information about its activities.

Corporate Social Responsibility

The directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of the local community and society at large.

Signed on behalf of the Board of Directors on 28 April 2023 by:

Mr. Joseph Galea
Director and Chairman of the
Audit Committee

Mr. Victor Spiteri
Director

Mr. Alexander Tanti
Director

Mr. Christon Burrows
Director

Crowe

Horwath Malta
Member Crowe Global

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Hart Capital Partners (Europe) p.l.c.

Report on the Audit of the Financial Statements

Opinion

We have audited the Consolidated and stand-alone Parent Company financial statements of Hart Capital Partners (Europe) p.l.c. (the Company), set out on pages 16 to 37, which comprise the Consolidated and stand-alone Parent Company statement of financial position as at 31 December 2022, and the Consolidated and stand-alone Parent Company statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying Group financial statements and stand-alone Parent financial statements (the financial statements) give a true and fair view of the financial position of the Group and Parent Company, as at 31 December 2022 and of the Group's and the Parent Company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been properly prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Recoverability of group balances

Loan receivable include funds advanced to subsidiary company, who is also the guarantor of the bonds issued by the Parent Company. This loan amounted to €2,714,629 as at 31 December 2022, and carries an agreed rate of interest of 8% per annum.

The recoverability of this loan is assessed at the end of each financial year.

The loan is the principal asset of the Parent Company and as such it is considered to be material.

How the scope of our audit responded to the risk

We have reviewed the loan agreement and agreed the terms to the loan balance included in these financial statements. We reviewed that repayments are being made in line with the agreement. We have also assessed the financial soundness of the subsidiary company by making reference to its latest audited financial statements.

Findings

We concur with management's view that the intercompany loan is recoverable.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the financial statements does not cover this information and 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.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report. We have nothing to report in this regard.

Responsibilities of the Directors and Those Charge with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Prospects MTF Rules issued by the Malta Stock Exchange require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

Report on Other Legal and Regulatory Requirements (continued)

The Prospects MTF Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 6 to 10 has been properly prepared in accordance with the requirements of the Prospects MTF Rules issued by the Malta Stock Exchange.

Other matters on which we are required to report by exception

Under Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provvida
Karm Zerafa Street
Birkirkara BKR1713
Malta

28 April 2023

Consolidated Statement of Comprehensive Income
For the period ended 31 December 2022

	Notes	The Group 2022 €	The Company 2022 €
Finance income	6	**36,724**	**20,230**
Finance costs	7	**(23,917)**	**(23,917)**
Net interest income / (expense)		**12,807**	**(3,687)**
Other income	8	**-**	**10,247**
Administrative expenses		**(16,167)**	**(7,633)**
Loss before Income Tax	9	**(3,360)**	**(1,073)**
Income taxation	10	**-**	**-**
LOSS FOR THE PERIOD		**(3,360)**	**(1,073)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operation		**(20,055)**	**-**
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**(20,055)**	**-**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(23,415)**	**(1,073)**
Loss is attributable to:			
Owners of the Company		**(3,360)**	
Non-Controlling interest		**-**	
		(3,360)	
Total comprehensive loss is attributable to:			
Owners of the Company		**(20,055)**	
Non-Controlling interest		**-**	
		(20,055)	
Loss per share (cents)	21	**(7c)**	

The accounting policies and explanatory notes on pages 20 to 37 form an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2022

	Notes	The Group 2022 €	The Company 2022 €
ASSETS			
Non-Current Assets			
Investment in subsidiary	11	**-**	**1**
Loan receivable	12	**-**	**2,714,629**
		-	**2,714,630**
Current Assets			
Loan receivable	12	**980,170**	**-**
Other receivables	13	**155,408**	**123,193**
Cash and cash equivalents		**2,687,246**	**-**
		3,822,824	**123,193**
Total Assets		**3,822,824**	**2,837,823**
EQUITY AND LIABILITIES			
Capital and Reserves			
Called up issued share capital	14	**50,000**	**50,000**
Shareholder's contribution	15	**1,000,000**	**-**
Foreign currency translation reserve		**(20,055)**	**-**
Accumulated losses	16	**(3,360)**	**(1,073)**
		1,026,585	**48,927**
Non-Current Liabilities			
Borrowings	17	**2,749,097**	**2,749,097**
Current Liabilities			
Trade and other payables	18	**47,142**	**39,799**
		47,142	**39,799**
Total Equity and Liabilities		**3,822,824**	**2,837,823**

The accounting policies and explanatory notes on pages 20 to 37 form an integral part of these financial statements.

The financial statements on pages 16 to 37 were approved by the Board of Directors on 28 April 2023 and were signed on its behalf by:

Mr. Alexander Tanti
Director

Mr. Victor Spiteri
Director

Consolidated Statement of Changes in Equity
For the period ended 31 December 2022

	Share Capital €	Shareholder's Contribution €	Foreign Currency Translation €	Accumulated Losses €	Total €
THE GROUP					
Transactions with owners in their capacity as owners					
Issue of share capital	50,000	-	-	-	50,000
Shareholder's contribution	-	1,000,000	-	-	1,000,000
Total transactions with owners in their capacity as owners	50,000	1,000,000	-	-	1,050,000
Total comprehensive income					
Loss for the period	-	-	-	(3,360)	(3,360)
Other comprehensive income	-	-	(20,055)	-	(20,055)
Total comprehensive income for the period	-	-	(20,055)	(3,360)	(23,415)
Balance as at 31 December 2022	50,000	1,000,000	(20,055)	(3,360)	1,026,585
THE COMPANY					
Transactions with owners in their capacity as owners					
Issue of share capital	50,000	-	-	-	50,000
Total transactions with owners in their capacity as owners	50,000	-	-	-	50,000
Total comprehensive income					
Loss for the period	-	-	-	(1,073)	(1,073)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,073)	(1,073)
Balance as at 31 December 2022	50,000	-	-	(1,073)	48,927

The accounting policies and explanatory notes on pages 20 to 37 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the period ended 31 December 2022

	Note	The Group 2022 €	The Company 2022 €
Operating Activities			
Loss for the period before taxation		**(3,360)**	**(1,073)**
Adjustment for:			
Amortisation of bond issue costs		**4,253**	**4,253**
ECL impairment allowance		**688**	**-**
Finance income		**(36,724)**	**(20,230)**
Finance costs		**19,664**	**19,664**
		(15,479)	**2,614**
Working capital changes:			
Movement in other receivables		**(1,123,097)**	**(102,963)**
Movement in trade and other payables		**38,430**	**20,134**
Net Cash used in Operating Activities		**(1,100,146)**	**(80,215)**
Investing Activities			
Issue of share capital		**50,000**	**50,000**
Capital contribution by shareholder		**1,000,000**	**-**
Net cash generated from investing activities		**1,050,000**	**50,000**
Financing Activities			
Issue of €3 million 7.25% Bonds		**3,000,000**	**3,000,000**
Bond issue costs		**(255,156)**	**(255,156)**
Loan to subsidiary		**-**	**(2,714,629)**
Net Cash generated from Financing Activities		**2,744,844**	**30,215**
Movement in Cash and Cash Equivalents		**2,694,698**	**-**
Cash and cash equivalents at beginning of period		**-**	**-**
Effects of exchange rate changes on cash and cash equivalents		**(7,452)**	**-**
Cash and Cash Equivalents at End of Period	19	**2,687,246**	**-**

The accounting policies and explanatory notes on pages 20 to 37 form an integral part of these financial statements.

1. General Information

Hart Capital Partners (Europe) p.l.c. (the "Company") is a limited liability company domiciled and incorporated in Malta.

2. Basis of Preparation

Statement of compliance

The consolidated financial statements include the financial statements of Hart Capital Partners (Europe) p.l.c. (the Parent Company) and its subsidiary undertaking (together referred to as the Group).

The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU (EU IFRSs) and the requirements of the Maltese Companies Act (Cap. 386).

Basis of measurement

The financial statements are prepared on the historical cost basis.

Going concern

The Company's principal activity is to act as a finance company. The Company in itself does not have substantial assets and is a special purpose vehicle set up to raise finance for the business of Hart Group.

The subsidiary, Hart Capital Partners (UK) Limited, was set up to provide short-term financing to borrowers in search of commercial loans for property development within the UK property market. The subsidiary shall accrue for interest on a monthly basis on all loans issued, as interest and capital are paid by the borrowers upon loan maturity. All loans issued are expected to generate a return of 18% per annum and have an average term of eighteen months each. Based on such reasons, Hart Group's business prospects are highly dependent on the ability of the borrowers to meet their obligation in a timely manner at maturity.

In preparing these financial statements, the directors made reference to the anticipated business growth and revenue streams which are expected to be generated over the years from interest receivable on loans issued to borrowers.

In view of this, the directors believe that it remains appropriate to prepare these financial statements on a going concern basis.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

2. Basis of Preparation (continued)

Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

The average rate for the year between the GBP and the Euro was 0.852761 while the closing rate was 0.886930.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Use of estimates and judgements

The preparation of financial statements in conformity with EU IFRSs, requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies (refer to Note 5 – Critical accounting estimates and judgements).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of Preparation (continued)

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.
Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this aggregate is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the subsidiaries are consistent with the policies adopted by the Group. In the Parent's Company separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Parent's Company separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

3. Changes in Accounting Policies and Disclosures

Standards, interpretations and amendments to published standards effective in 2022

In 2022, the Group adopted amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2022. The adoption of these revisions to the requirements of EU IFRSs did not result in changes to the Group's accounting policies impacting the Group's financial performance and position.

3. Changes in Accounting Policies and Disclosures (continued)

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

There were no new standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning after 1 January 2023 that were published by the date of authorisation for issue of this financial information and which could have a possible significant impact on the Group's financial statements in the period of initial application.

4. Significant Accounting Policies

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

Finance income and finance costs

Finance income and finance costs are recognised in profit or loss for all interest-bearing instruments on a time-proportionate basis using the effective interest method. Finance costs include the effect of amortising any difference between net proceeds and redemption value in respect of the Company's borrowings. Finance income and costs are recognised as they accrue, unless collectability is in doubt.

Income taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Significant Accounting Policies (continued)

Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Investment in subsidiaries

The Group classifies investments in entities which it controls as subsidiaries.

The Group's investments in subsidiaries are stated at cost less impairment losses in the Group's stand-alone financial statements. Impairment losses recognised in prior periods are reversed through profit or loss if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised.

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant component is measured at transaction price.

Classification and subsequent measurement

i. Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) (debt investment) , FVOCI (equity instrument) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

i. Financial assets (continued)

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved both by collecting contractual cash flows and;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduce an accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed, and information is provided to management. The information considered includes;

- history of the Group's bad debts
- liquidity position of inter-companies

Assessment whether contractual cashflows are SPPI

For the purpose of this assessment, 'principle' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised through profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

4. Significant Accounting Policies (continued)

ii. Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 recognised 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 profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables the Group applies the simplified approach to measuring expected credit losses as permitted by IFRS9, which requires expected lifetime losses to be recognised from initial recognition. In measuring the expected credit losses on trade receivables, the expected loss rate, the payment profile of sales over a period of time before reporting date and the historical credit losses experience within this period are considered. The historical loss rates are adjusted to reflect current and forward-looking information to trade receivables and the environment in which they operate.

4. Significant Accounting Policies (continued)

Impairment (continued)

For related party balances, the Group assesses the credit quality of the related companies by taking into account the financial position, performance and other factors. In measuring expected credit losses on these balances, management takes into account, when available, the agreements in place and adherence to the applicable agreements.

Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classifies as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash comprises demand deposits. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

5. Critical Accounting Estimates and Judgements

Estimates and judgement are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are no difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

6. Finance Income

	The Group 2022 €	The Company 2022 €
Interest receivable on long term loan due from subsidiary company	-	20,230
Interest recievable from third party	36,724	-
	36,724	20,230

7. Finance Costs

	The Group 2022 €	The Company 2022 €
Interest payable on bond	19,664	19,664
Amortisation of bond issue costs	4,253	4,253
	23,917	23,917

8. Other Income

	The Group 2022 €	The Company 2022 €
Management fee receivable from subsidiary	-	10,247

9. Loss before Income Tax

This is stated after charging the following:

	The Group 2022 €	The Company 2022 €
Amortisation of bond issue costs	4,253	4,253

The total remuneration paid to the Company's auditors during the year amounts to:

	The Group 2022 €	The Company 2022 €
Annual statutory audit fees	10,600	5,100
Other non-audit services	1,500	1,500

10. Income Taxation

	The Group 2022 €	The Company 2022 €
Current tax expense	-	-

10. Income Taxation (continued)

The tax charge and the result of accounting loss multiplied by the statutory income tax rate are reconciled as follows:

	The Group 2022 €	The Company 2022 €
Loss before taxation	(3,360)	(1,073)
Tax at the applicable statutory rate of 35%	(1,176)	(376)
Tax effect of:		
Unrecognised deferred tax asset	1,176	376
Tax charge	-	-

The potential tax saving arising from unabsorbed tax losses carried forward for set-off against future taxable income amounting to €376 and €1,176 for the Company and the Group respectively is not recognised in these consolidated financial statements.

11. Investment in Subsidiary

The carrying amount of the investment in subsidiary at reporting date was as follows:

	The Group 2022 €	The Company 2022 €
Year ended 31 December		
Additions	-	1
Closing net book amount	-	1
At 31 December		
Cost and carrying net book amount	-	1

11. Investment in subsidiary (continued)

The subsidiary as at 31 December 2022 is shown below:

	Registered Office	**Class of shares held**	**Principal activity**	**Percentage of shares held 2022**
Hart Capital Partners (UK) Limited	47a Broadgates, Market Place, Henley-On-Thames, England RG9 2AD	Ordinary Shares	Provision of short-term financing	100%

12. Loan Receivable

	The Group 2022 €	**The Company 2022 €**
Non-current		
Loan receivable from subsidiary	**-**	**2,714,629**
Current		
Loan receivable from third party	**980,170**	**-**
Total	**980,170**	**2,714,629**

The non-current loan receivable relates to the transfer of funds to subsidiary, generated by the Company from the issue of bonds. The loan is unsecured, carries interest at 8% per annum and is repayable in full in a single bullet payment on 20 September 2027.

At 31 December 2022, the loan receivable from subsidiary was fully performing and as such does not contain impaired assets.

The current loan receivable from third party is secured, carries interest at 18% per annum and is repayable in full by not later than 31 December 2023. The loan receivable from third party, as well as the interest charged thereon at 18% per annum, are generated by the subsidiary, Hart Capital Partners (UK) Limited.

At 31 December 2022, the loan receceivable from third party is stated net of allowance for expected credit losses of €688.

12. Loan Receivable (continued)

Maturity of non-current loans and receivables:

	The Group 2022 €	The Company 2022 €
Over 5 years	-	2,714,629
	-	2,714,629

13. Other Receivables

	The Group 2022 €	The Company 2022 €
Accrued income	35,309	30,477
Prepaid expenses	11,366	11,366
Indirect tax refundable	31,350	31,350
Other receivables	77,383	50,000
	155,408	123,193

14. Share Capital

	The Group 2022 €	The Company 2022 €
Authorised, Issued and Fully Paid Up		
50,000 ordinary shares of €1 each	50,000	50,000

15. Shareholder's Loan

This amount represents a loan of €1 million from one of the shareholders of the Group. It is unsecured, interest free and repayable exclusively at the option of the Group.

16. Accumulated Losses

This represents accumulated losses. During the period under review, no dividends were paid.

17. Borrowings

	The Group 2022 €	The Company 2022 €
Non-current		
€3,000,000 7.25% Secured Callable Bonds 2025-2027	**3,000,000**	**3,000,000**
Bonds outstanding (face value)	**3,000,000**	**3,000,000**
Gross amount of bond issue costs	**(255,156)**	**(255,156)**
Amortisation of gross amount of bond issue costs:		
Amortisation charge for the year	**4,253**	**4,253**
Unamortised bond issue costs	**(250,903)**	**(250,903)**
Amortised cost and closing carrying amount	**2,749,097**	**2,749,097**

At the end of the current reporting period, bonds with a face value of €80,000 were held by two of the company directors and another €413,000 were held by a related company owned by a director.

Interest

Interest on the 7.25% Secured Callable Bonds 2025-2027 is payable annually in arrears, on 28 November of each year.

Security

The bonds constitute the general, direct, unconditional and unsecured obligation of the Company, guaranteed by Hart Capital Partners (UK) Limited, and shall at all times rank *pari passu*, without any priority or preference among themselves. In addition, the Bonds shall rank subsequent to any other prior ranking indebtedness of Hart Capital Partners (Europe) p.l.c.

18. Trade and Other Payables

	The Group 2022 €	The Company 2022 €
Accrued expenses	**47,142**	**39,799**

19. Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	The Group 2022 €	The Company 2022 €
Cash in transit	2,687,246	-

This relates to funds transferred by the Trustee at balance date but received by Hart Capital (UK) Limited in 2023.

20. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Hart Capital Partners (Europe) p.l.c. is the parent company of the entity listed in Note 11 (together referred to as the 'Group'). The company forming part of the Group is a related party since this company is ultimately owned by Hart Capital Partners (Europe) p.l.c. which is considered by the directors to be the ultimate controlling party.

Trading transactions between these companies include items which are normally encountered in a group context. The Group is ultimately owned by Mr. Alexander Tanti, Ms. Louise Tanti, Mr. Christon Burrows and Ms. Joanne Burrows, who are therefore considered to be related parties. The main related party with whom the transactions are entered is Hart Capital Partners (UK) Limited, the guarantor of the borrowings (Note 17).

	The Group 2022 €	The Company 2022 €
Income		
Finance income from subsidiary	-	20,230
Management fee income from subsidiary	-	10,247
Loans and Advances		
Capital contribution by shareholder	1,000,000	
Loan to subsidiary	-	2,714,629

Key management personnel compensation, consisting of directors' remuneration, amounting to €6,000, is included within bond issue costs (Note 17).

Year end balances for bond held by company directors are disclosed in Note 17 to these consolidated financial statements.

Year end balances arising from related party transactions are disclosed in Notes 12, 13 and 15 to these consolidated financial statements.

21. Loss per Share

Loss per share is based on the loss after taxation attributable to the ordinary shareholders of the company divided by the weighted average number of ordinary shares in issue during the period.

	The Group 2022 €
Net loss attributable to owners of the company	(3,360)
Weighted average number of ordinary shares in issue (Note 14)	50,000
Loss per share (cents)	(7c)

22. Financial Risk Management

At the year end, the Company's main financial assets comprised loan receivable from subsidiary company. At the year end the Company's main financial liabilities consisted of borrowings and trade and other payables.

The Company constitutes a financing special purpose vehicle whose bonds are matched by equivalent amounts due from, and guaranteed by, Hart Capital Partners (UK) Limited (subsidiary company).

The Company's principal risk exposures relate to credit, liquidity and currency risks.

Timing of Cash Flows

The presentation of the above mentioned financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Credit Risk

Financial assets which potentially subject the group to concentrations of credit risk consist principally of loan recievable from third party and cash in transit (Notes 12 and 19). The carrying amount of financial assets represents the maximum credit exposure.

The Group's cash in transit will be placed with high quality financial institutions. Management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the Group. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

The Company's receivables consist mainly of loan receivable from subsidiary and accordingly credit risk in this respect is limited.

22. Financial Risk Management (continued)

Credit Risk (continued)

To the contrary there is the risk of suffering a loss should any of Group's customers fail to fulfil their contractual obligations to the Group. Hence, credit risk mainly arises from customer loans. It constitutes the Group's largest risk in view of its significant lending portfolio. To minimise credit risk, facilities are secured by tangible security.

The Group and the Company monitor intra-group credit exposures at individual entity level on a regular basis and ensure timely performance of these assets in the context of its overall liquidity management. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forwardlooking estimates at the end of each reporting period. As at year-end, based on the Directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management together with the support of shareholders in place, the resulting impairment charge required was deemed to be immaterial.

Liquidity Risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (refer to Notes 17 and 18). The Company is exposed to liquidity risk arising from its ability to satisfy liability commitments depending on cash inflow receivable in turn from Hart Capital Partners (UK) Limited.

Management monitors liquidity risk by means of cash flows forecasts on the basis of expected cash flows over a twelve-month period to ensure that no additional financing facilities are expected to be required over the coming year. This process is performed through a rigorous assessment of detailed cash flow projections of the subsidiary company where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis.

The carrying amounts of the Group's and Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates in the respective notes to the financial statements.

Currency Risk

In order to mitigate the foreign exchange volatility risk, the Company is committed to enter into a financial instrument maturing on the date of the bond redemption. This instrument is an agreement to exchange currency, in this case GBP for EUR, at a fixed rate in the future. This instrument will include an early termination clause.

Capital Management

The Company's bonds are guaranteed by Hart Capital Partners (UK) Limited (subsidiary company). Related finance costs are also guaranteed by the subsidiary company. The capital management of the Company therefore consists of a process of regularly monitoring the financial position of the guarantor.

22. Financial Risk Management (continued)

Fair Values of Financial Instruments

At 31 December 2022, the carrying amounts of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Company for similar financial instruments.

As at end of the reporting period, the fair values of financial assets and liabilities, approximated the carrying amounts shown in the statement of financial position.