Hart Capital Partners
(Europe) PLC

Hart Capital Partners (Europe) p.l.c.
55D, Birbal Street, Balzan, BZN 9017, Malta
Company Registration Number C 100619
https://www.hartcapitalpartners.mt
(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; 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 22 April 2025 (HRT13) in which the Board of Directors of the Company announced that it was scheduled to meet on the 23 April 2025:

1. to consider and, if deemed appropriate, approve the Company’s consolidated audited financial statements for the year ended 31 December 2024; and
   to consider the declaration of a final dividend to be recommended to the Company’s annual general meeting.

The Board of Directors of the Company approved the Annual Report and Consolidated Financial Statements for the year ended 31 December 2024 and resolved that these be submitted for the approval of the shareholders at the Annual General Meeting. The Directors do not recommend the distribution of a dividend and propose to transfer the profit for the year to reserves.

The Board of Directors has also authorised the publication of the Annual Report and Financial Statements for the financial year ended 31 December 2024 which is available for viewing on the Company’s website at www.hartcapitalpartners.mt.

The Company announces that its Annual General Meeting was held on the 23 April 2025 at which:

1. The consolidated financial statements for the year ended 31 December 2024 were approved;
2. The Statutory Directors’ Report on the Financial Statements for the year ended 31 December 2024 was approved;
3. The Auditors’ Report on the Financial Statements for the year ended 31 December 2024 was approved;
4. Horwath Malta were re-appointed as the Company’s auditors until the conclusion of the next general meeting;
5. The current directors were re-appointed up to the next Annual General Meeting in accordance with the Company’s Articles of Association;
6. In line with the recommendation of the Directors, no dividend will be declared and profit for the year will be transferred to reserves.

Furthermore, the Board of Directors note that in the consolidated financial statements of the Group for the year ended 31 December 2024, the Group has registered a total profit before tax of €208k for the year ended 31 December 2024. The Group's profit before tax represents a favorable difference of circa €74k from the 2024 projections that were published in the Financial Sustainability Forecast dated 30 April 2024, given that the projections had forecasted a profit before tax of €134k. The positive variance primarily results from increased interest income due to a more efficient utilisation of funds available for lending purposes.

Mr Alexander Tanti
Company Secretary
24 April 2025

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

Annual Report
and
Consolidated
Financial Statements
31 December 2024

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 2024, which comprises the Company and its subsidiary Hart Capital Partners (UK) Limited (hereinafter 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.

Performance Review

During the year, the Group generated revenue of €595,294 (2023: €573,341) which is interest generated on loans receivable from third parties. The Group's costs consist mainly of the interest payable on the bond and administrative expenses which include professional fees, hedging fee and directors' remuneration. The Group generated a profit after tax of €160,347 (2023: €113,071).

Hart Capital Partners (Europe) p.l.c. generates its revenue in line with the loan agreement entered into with its subsidiary in 2022. The Company generated finance income of €325,755 (2023: €325,755) from a loan advanced to its subsidiary. It also generated income from management fees charged to its subsidiary amounting to €75,000 (2023: €75,000). Interest expense on bonds amounted to €217,500 (2023: €217,500). The Company generated a profit for the year after tax of €31,575 (2023: €5,908).

Position Review

The Group's and the Company's asset base amounted to €4,509,534 (2023: €4,103,580) and €3,019,493 (2023: €2,959,490) as at 31 December 2024 respectively. The increase in asset base is driven by profits generated during the year as administrative expenses were curtailed in FY 2024 when compared to FY 2023.

The Group's and the Company's main liabilities comprise the €3,000,000 7.25% Secured Callable Bonds 2025-2027. The Group's key asset consists of the loans receivable from third parties amounting to €3,367,150 (2023: €3,214,208) while the Company's main asset is the loan receivable from its subsidiary amounting to €2,714,629 (2023: €2,714,629).

Dividends and Reserves

In line with the Restricted Payments set out in section 8.5.1 of the Company Admission Document and the Security Trust Deed, the Board of Directors does not propose the payment of dividends. Retained earnings carried forward at the reporting date amounted to €270,058 for the Group and €31,420 for the Company.

Financial Risk Management

The Group's and the Company's activities expose them to a variety of financial risks, including currency, credit and liquidity risks. These are further analysed in Note 23 to these financial statements. In order to mitigate the foreign exchange volatility risk, the Group has entered into a foreign exchange risk agreement, which removes the Group's exposure to foreign exchange currency, in this case, GBP for EUR, at a fixed rate in the future. The foreign exchange risk agreement is an option contract which hedges only the exchange losses whilst the exchange gains are retained by the Group.

Events Subsequent to the Statement of Financial Position Date

The directors assessed subsequent events from 1 January 2025 through 23 April 2025, 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**.** In line with the Early Redemption Option set out in the Company Admission Document, the Company may choose to redeem the Bonds on or after the third anniversary of the Issue date but prior to the Maturity Date. Despite this, the directors do not foresee that by the end of 2025 they will take the option of an early redemption of the Bonds.

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

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 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 23 to these financial statements.

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.

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

As at 31 December 2024, 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 2024, 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 2024, 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 parties to a director service agreement with the Company, according to which their respective roles, 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 a contract are set out in Note 12 to the financial statements. In addition, the Company entered into a currency hedge agreement in line with clause 3.3.5 of the Company Admission Document.

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	Mr. Victor Spiteri
Director	Director and Chairman

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

23 April 2025

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 (the '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

The Board is presently composed 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 ongoing 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 seven times during the year under review, with all members present.

Committees

The Board does not consider it necessary to appoint a committee to carry out a 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 do 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 a level of skill, knowledge and experience expected in terms of the Code.

Audit Committee

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

Audit Committee (continued)

The Board sets 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 the Company to fulfil the objective of the Prospects MTF Rules' terms of reference in this regard.

The Audit Committee has met six times during the year under review; the three Audit Committee members attended all the meetings.

Credit Committee

Each potential new transaction is reviewed by the subsidiary's Credit Committee and is assessed on its own merits. In particular, the Credit Committee assesses whether the transaction satisfies the Due Diligence Policy, and it makes 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 vest 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 Hart Capital Partners (UK) Limited's (the Guarantor of the Bond) 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 as follows, all of whom have the necessary experience to evaluate the loans.

Mr. Mark Lomas (Legal Professional)
Mr. Peter Easterbrook (Head of Operations)
Mr. Sam Starr (Head of Analysis and Development)

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 €48,000.

The directors' remuneration 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 roles, 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 declared 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 of 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.

Information and professional development

Each Director is made aware of the Company's on-going obligations in terms of the Companies Act (Cap. 386 of the Laws of Malta) (the "Act") and the Rules. The Company ensures that it provides the Directors with relevant information to enable them to effectively contribute to Board decisions. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense. Furthermore, Directors have access to the advice and services of (i) the Company Secretary, who is responsible for ensuring adherence to Board procedures as well as good information flows within the Board and the Audit Committee; and (ii) the Corporate Advisor, who is responsible to ensure adherence to the Company's continuing obligations as laid down in the Rules.

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 contributing to the development of the well-being of the local community and society at large.

Signed on behalf of the Board of Directors on 23 April 2025 by:

Mr. Victor Spiteri
Director and Chairman of the Board

Mr. Joseph Galea
Director and Chairman of the Audit Committee

Mr. Alexander Tanti
Director

Mr. Christon Burrows
Director

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 financial statements of Hart Capital Partners (Europe) p.l.c. (the Parent Company) and the consolidated financial statements of the Parent Company and its subsidiary (together, the Group), set out on pages 17 to 41, which comprise the statements of financial position of the Parent Company and the Group as at 31 December 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows of the Parent Company and the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying stand-alone Parent Company's financial statements and the Group's financial statements (the financial statements) give a true and fair view of the financial position of the Parent Company and the Group, as at 31 December 2024 and of the Parent Company's and the Group's financial performance and cash flows for the year 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) and the Maltese Companies Act. Our responsibilities under those standards and under the Maltese Companies Act 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 judgment, 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)

Valuation of loans receivable from third parties (customers) – Consolidated financial statements

As at 31 December 2024, gross loans to third parties (customers) and accrued interest included for the purpose of expected credit loss assessment, as presented in the Group's consolidated statement of financial position, amounted to €4,336,093, for which management recognised an impairment allowance provision of €12,987.

Management has prepared impairment models to complete its assessment of impairment for the Group's loans receivable as at 31 December 2024. This assessment involves complex and subjective estimation and judgement by management in relation to credit risk and the future cashflows of the loans receivable. The balances of loss allowances for the loans to third parties (customers) represent management's best estimates at the reporting date of expected credit losses ("ECL") under IFRS 9: Financial Instruments expected credit losses models.

The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.

Loans receivable from third parties (customers) were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the timing of the recognition of impairment in respect of loans receivable and the amount of that impairment. We have identified provisioning for impairment loss as a key audit matter as the calculation of credit loss provision is a complex area and requires management to make significant assumptions on customer payment behaviour and other relevant risk characteristics when assessing the group's statistics of historical information and estimating the level and timing of expected future cash flows.

How the scope of our audit responded to the risk

Our audit procedures amongst others included:

- Examined the agreements as per which these loans were given by the Group to third parties (customers) and verified their terms and conditions;
- Assessed the appropriateness of the Group's impairment methodology against the requirements of relevant financial reporting standards;
- Test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data;
- Assessed the reasonableness of the assumptions used in the model;
- Model calculations testing through re-performance, where possible;
- Assessed the adequacy of related disclosures in the consolidated financial statements.

Findings

Overall, we found management's estimate of the expected credit loss provision to be appropriate and found no material exceptions from our testing.

Key Audit Matters (continued)

Recoverability of loan receivable from subsidiary – Parent Company financial statements

Loan receivable includes funds advanced to the subsidiary company, which is also the guarantor of the bonds issued by the Parent Company. As at 31 December 2024 the loan amounted to €2,714,629 and carries an agreed rate of interest of 12% per annum. As at the reporting period end the loan receivable from subsidiary represent 90% of the total assets of the Parent Company.

Loan advances to the subsidiary were from the net proceeds issued by the Parent Company.

The recoverability of this loan is assessed at the end of each financial year. The recoverability assessment of the loan receivable considers the financial position and performance of the subsidiary as well as its cash flow projections.

Due to the significance of the balance of the loan receivable from the subsidiary, and the dependency of the Parent Company on the performance and recoverability of such loans to meet its ongoing obligations, we have considered the recoverability of the loan receivable as key audit matter.

How the scope of our audit responded to the risk

We have inspected the supporting loan agreement, agreed the terms and conditions of the loan and assessed compliance therewith. We have also confirmed the outstanding balances as at year-end with the subsidiary company. The recoverability of the loans was ascertained by assessing the financial soundness of the subsidiary company, which is also the guarantor of the bonds issued by the Parent Company, by referring to the latest financial information through the subsidiary company's financial statements, its cash flow projections and forecasts.

We have also assessed the relevance and adequacy of disclosures relating to the loan receivable from subsidiary presented in note 12 to the financial statements.

Findings

On the basis of our work, we concur with management's view that the loan receivable from subsidiary is recoverable.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Corporate Governance – Statement of Compliance which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon. 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:

Other Information (continued)

- 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 Parent Company, the Group and their 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 EU IFRSs 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 Parent Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Parent Company and/or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's and the Group'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 judgment 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 Parent Company's and the Group's internal control.

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

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

- 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 Parent Company's and the Group'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 Parent Company or the Group to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Parent Company's and/or the Group's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Parent Company's and/or the Group's ability 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Crowe

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.

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.

Matters on which we are required to report by exception under the Companies Act

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.

Appointment

We were appointed as the statutory auditor by the General Meeting of Shareholders of the Company on 29 April 2024. The total uninterrupted engagement period as statutory auditor, including previous reappointments amounts to 3 years.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global
La Provvida
Karm Zerafa Street
Birkirkara BKR1713
Malta

23 April 2025

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

		The Group		The Company	
	Notes	**2024** €	2023 €	**2024** €	2023 €
Finance income	6	**595,294**	573,341	**325,755**	325,755
Finance costs	7	**(263,548)**	(273,709)	**(263,548)**	(273,709)
Net interest income		**331,746**	299,632	**62,207**	52,046
Other income	8	-	-	**75,000**	75,000
Administrative expenses		**(123,439)**	(145,763)	**(103,081)**	(118,534)
Profit before Income Tax	9	**208,307**	153,869	**34,126**	8,512
Income taxation	10	**(47,960)**	(40,798)	**(2,551)**	(2,604)
PROFIT FOR THE YEAR		**160,347**	113,071	**31,575**	5,908
Other Comprehensive Income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operation		**57,216**	20,240	-	-
Unrealised gain on exchange on net foreign investment, net of deferred tax		**109,282**	25,168	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**166,498**	45,408	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**326,845**	158,479	**31,575**	5,908
Income is attributable to:					
Owners of the Company		**160,347**	113,071		
Non-Controlling interest		-	-		
		160,347	113,071		
Other comprehensive income is attributable to:					
Owners of the Company		**166,498**	45,408		
Non-Controlling interest		-	-		
		166,498	45,408		
Earnings per share (cents)	22	**3c**	2c		

The accounting policies and explanatory notes on pages 22 to 41 form an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2024

		The Group		The Company	
		2024	2023	**2024**	2023
	Notes	**€**	€	**€**	€
ASSETS					
Non-Current Assets					
Investment in subsidiary	11	**-**	-	**1**	1
Loans receivable	12	**-**	2,204,003	**2,714,629**	2,714,629
Other receivables	13	**-**	414,592	**-**	-
		-	2,618,595	**2,714,630**	2,714,630
Current Assets					
Loans receivable	12	**3,367,150**	1,010,205	**-**	-
Other receivables	13	**999,461**	229,996	**286,090**	161,761
Cash and cash equivalents		**142,923**	244,784	**18,773**	83,099
		4,509,534	1,484,985	**304,863**	244,860
Total Assets		**4,509,534**	4,103,580	**3,019,493**	2,959,490
EQUITY AND LIABILITIES					
Capital and Reserves					
Called up issued share capital	14	**50,000**	50,000	**50,000**	50,000
Other equity	15	**1,000,000**	1,000,000	**-**	-
Foreign currency translation reserve		**57,401**	185	**-**	-
Foreign currency reserve		**134,450**	25,168	**-**	
Retained earnings	16	**270,058**	109,711	**36,410**	4,835
		1,511,909	1,185,064	**86,410**	54,835
Non-Current Liabilities					
Borrowings	17	**2,850,886**	2,779,847	**2,850,886**	2,779,847
Deferred tax liability	20	**35,792**	-	**-**	-
		2,886,678	2,779,847	**2,850,886**	2,779,847
Current Liabilities					
Trade and other payables	18	**65,251**	97,871	**79,646**	122,204
Current tax payable		**45,696**	40,798	**2,551**	2,604
		110,947	138,669	**82,197**	124,808
Total Equity and Liabilities		**4,509,534**	4,103,580	**3,019,493**	2,959,490

The accounting policies and explanatory notes on pages 22 to 41 form an integral part of these financial statements.

The financial statements on pages 17 to 41 were approved by the Board of Directors on 23 April 2025 and were signed on its behalf by:

A Tanti

Mr. Alexander Tanti
Director

Mr. Victor Spiteri
Director

Consolidated Statement of Changes in Equity
For the year ended 31 December 2024

	Share Capital	Shareholder's Contribution	Foreign Currency Translation Reserve	Foreign Currency Reserve	Retained Earnings	Total
	€	€	€	€	€	€
THE GROUP						
Balances as at 1 January 2023	50,000	1,000,000	(20,055)	-	(3,360)	1,026,585
Total comprehensive income						
Profit for the year	-	-	-	-	113,071	113,071
Other comprehensive income	-	-	20,240	25,168	-	45,408
Total comprehensive income for the year	-	-	20,240	25,168	113,071	158,479
Balances as at 31 December 2023	**50,000**	**1,000,000**	**185**	**25,168**	**109,711**	**1,185,064**
Balances as at 1 January 2024	50,000	1,000,000	185	25,168	109,711	1,185,064
Total comprehensive income						
Profit for the year	-	-	-	-	160,347	160,347
Other comprehensive income	-	-	57,216	109,282	-	166,498
Total comprehensive income for the year	-	-	57,216	109,282	160,347	326,845
Balances as at 31 December 2024	**50,000**	**1,000,000**	**57,401**	**134,450**	**270,058**	**1,511,909**

	Share Capital	Shareholder's Contribution	Foreign Currency Translation Reserve	Foreign Currency Reserve	Retained Earnings	Total
	€	€	€	€	€	€
THE COMPANY						
Balances as at 1 January 2023	50,000	-	-	-	(1,073)	48,927
Total comprehensive income						
Profit for the year	-	-	-	-	5,908	5,908
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	5,908	5,908
Balances as at 31 December 2023	**50,000**	**-**	**-**	**-**	**4,835**	**54,835**
Balances as at 1 January 2024	50,000	-	-	-	4,835	54,835
Total comprehensive income						
Profit for the year	-	-	-	-	31,575	31,575
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	31,575	31,575
Balances as at 31 December 2024	**50,000**	**-**	**-**	**-**	**36,410**	**86,410**

The accounting policies and explanatory notes on pages 22 to 41 form an integral part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2024

		The Group		The Company	
	Note	**2024** €	2023 €	**2024** €	2023 €
Operating Activities					
Profit for the year before taxation		**208,307**	153,869	**34,126**	8,512
Adjustment for:					
Amortisation of bond issue costs		**46,048**	56,209	**46,048**	56,209
ECL impairment allowance		**4,034**	8,271	**-**	-
Finance income		**(595,294)**	(573,342)	**(325,755)**	(325,755)
Finance costs		**217,500**	217,500	**217,500**	217,500
		(119,405)	(137,493)	**(28,081)**	(43,534)
Working capital changes:					
Movement in other receivables		**(25,927)**	(2,197,698)	**(24,237)**	24,696
Movement in trade and other payables		**73,734**	11,495	**(7,422)**	21,701
Cash (used in) / generated from operations		**(71,598)**	(2,323,696)	**(59,740)**	2,863
Tax paid		**(44,026)**	-	**(2,604)**	-
Interest paid		**(217,500)**	(217,500)	**(217,500)**	(217,500)
Interest received		**224,422**	45,642	**225,663**	262,491
Net Cash (used in) / generated from Operating Activities		**(108,702)**	(2,495,554)	**(54,181)**	47,854
Financing Activities					
Net advances (to) / from subsidiary		**-**	-	**(10,145)**	35,245
Net Cash (used in) / generated from Financing Activities		**-**	-	**(10,145)**	35,245
Movement in Cash and Cash Equivalents		**(108,702)**	(2,495,554)	**(64,326)**	83,099
Cash and cash equivalents at beginning of year		**244,784**	2,687,246	**83,099**	-
Effects of exchange rate changes on cash and cash equivalents		**6,841**	53,092	**-**	-
Cash and Cash Equivalents at End of Year	19	**142,923**	244,784	**18,773**	83,099

The accounting policies and explanatory notes on pages 22 to 41 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 and Basis of measurement

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).

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 twenty-five to thirty-four months each. Due to construction delays, the repayment dates for some loans have been extended, and interest continues to accrue until maturity. Although an extension of the repayment date is being granted by the Group, the loans are not considered to be in default as the counterparty continues to meet its obligations under the revised terms. Based on such reasons, Hart Group's business prospects are highly dependent on the ability of the borrowers to meet their obligations in a timely manner at maturity.

The property market in the South East of England typically sees higher average house prices compared to the rest of the country. House prices across the UK are growing slightly faster than in the South East, because the South East is a more developed and mature market, offering stability and consistently higher prices. In 2023, the market faced challenges due to rising interest rates and negative economic conditions, which made property less affordable. As a result, demand decreased, leading to a significant drop in sales volume. However, 2024 has shown signs of recovery. The improving economy, coupled with a reduction in interest rates, has helped make property more affordable, driving up demand. This increased demand is expected to support a steady growth in house prices moving forward. Looking ahead to 2025, the property market in the South East is expected to continue growing, albeit at a more moderate pace. With the ongoing recovery in the economy and further improvements in affordability, house prices are forecast to rise at a steady rate. While regional differences will persist, overall, the South East market is likely to remain stable and attract strong demand.

In preparing these financial statements, the directors referred 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.

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

2. Basis of Preparation (continued)

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.

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 operation. 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 0.846620 (2023: 0.86979) while the closing rate was 0.829180 (2023: 0.86905).

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 expensed 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 2024

In 2024, the Group and Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group and Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's and Company's accounting policies impacting the Group and Company's financial performance and position, including disclosures.

3. Changes in Accounting Policies and Disclosures (continued)

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Group's and Company's accounting periods beginning after 1 January 2024. The Group and Company have not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group and Company'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 is 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 financing 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 financing 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.

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.

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

i. Financial assets (continued)

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 reduces 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, 'principal' 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)

Financial instruments (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 transfers 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, 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 a 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.

4. Significant Accounting Policies (continued)

Impairment (continued)

Loans receivable are classified in Stage 1, which represent loans that have not experienced a significant increase in credit risk since initial recognition. For loans receivable in Stage1, the Group recognises a 12-month ECL provision reflecting the portion of the lifetime credit loss that is expected to occur over the next 12 months based on the probability of default during that period. The 12-month ECL is calculated using the 12-month probability of default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD). The loss allowances for these financial assets are based on assumptions about the risk of default and expected loss rates, taking into account factors such as the counterparty's creditworthiness, payment history, market conditions, and forward-looking estimates. The Group also considers the impact of any tangible collateral securing the loans when determining the loss allowance. If, after initial recognition, there is a significant increase in credit risk for any loan, it will be moved to Stage 2 or Stage 3, and the allowance will reflect the lifetime ECL instead of the 12-month ECL. The Group monitors each loan regularly and evaluated any changes in credit risk. For loans that are performing and have not experienced a significant increase in credit risk, the Stage1 12-month ECL remains applicable. This ensures that a provision for expected credit losses is always in place, even is the loans receivable are still considered low risk.

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 classified 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.

5. Critical Accounting Estimates and Judgements

Estimates and judgements 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 not 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		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Interest receivable on long term loan due from subsidiary company	**-**	-	**325,755**	325,755
Interest recievable from third parties	**595,294**	573,341	**-**	-
	595,294	573,341	**325,755**	325,755

7. Finance Costs

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Interest payable on bond	**217,500**	217,500	**217,500**	217,500
Amortisation of bond issue costs	**46,048**	56,209	**46,048**	56,209
	263,548	273,709	**263,548**	273,709

8. Other Income

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Management fee receivable from subsidiary	-	-	**75,000**	75,000

9. Profit before Income Tax

This is stated after charging the following:

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Directors' fees	**48,000**	48,000	**48,000**	48,000

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

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Annual statutory audit fee	**11,687**	12,169	**5,623**	5,355
Other non-audit services	**2,615**	2,675	**1,623**	1,560

10. Income Taxation

Income taxation recognised in profit or loss

Tax expense for income tax on profits derived from local and foreign operations has been calculated at the applicable tax rates.

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Current tax expense	**47,960**	40,798	**2,551**	2,604

10. Income Taxation (continued)

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

	The Group		**The Company**	
	2024	2023	**2024**	2023
	€	€	**€**	€
Profit before taxation	**208,307**	153,869	**34,126**	8,512
Tax at the applicable statutory rate of 35%	**72,907**	53,854	**11,945**	2,980
Tax effect of:				
Effect of income subject to foreign / different tax rates	**(15,553)**	(12,680)	**-**	**-**
Application of FRFTC	**(9,394)**	**-**	**(9,394)**	**-**
Movement in unrecognised temporary differences	**-**	(376)	**-**	(376)
Tax charge	**47,960**	40,798	**2,551**	2,604

Tax recognised in other comprehensive income

The tax impacts which are entirely attributable to deferred taxation, relating to components of other comprehensive income and accordingly presented directly in equity are as follows:

	Before tax	Tax charge	**Net of tax**
	€	€	**€**
Group			
Unrealised gains on exchange on net foreign investments	145,074	(35,792)	**109,282**

11. Investment in Subsidiary

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

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Year ended 31 December				
Opening net book amount	**-**	-	**1**	1
Additions	**-**	-	**-**	-
Closing net book amount	**-**	-	**1**	1
At 31 December				
Cost and carrying net book amount	**-**	-	**1**	1

The subsidiary as at 31 December 2024 is shown below:

	Registered Office	Class of shares held	Principal activity	Percentage of shares held 2024	Percentage of shares held 2023
Hart Capital Partners (UK) Limited	47a Broadgates, Market Place, Henley-On-Thames, England RG9 2AD	Ordinary Shares	Provision of short-term financing	100%	100%

12. Loans Receivable

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
Loans receivable from third parties	-	2,204,003	-	-
Loan receivable from subsidiary	-	-	**2,714,629**	2,714,629
	-	2,204,003	**2,714,629**	2,714,629
Current				
Loans receivable from third parties	**3,367,150**	1,010,205	-	-
Total	**3,367,150**	3,214,208	**2,714,629**	2,714,629

The non-current loan receivable from subsidiary relates to the transfer of funds to subsidiary, generated by the Company from the issue of bonds. The loan is unsecured, carries interest at 12% (2023: 12%) per annum and is repayable in full in a single bullet payment on 20 September 2027. On 31 December 2024, the loan receivable from the subsidiary was fully performing and as such does not contain impaired assets.

The non-current and current loans receivable from third parties represents loan balances from the short-term financing to third-party borrowers within the United Kingdom (UK) property market. These are secured and carry interest at 18% per annum and are repayable in full upon maturity. Due to construction delays, the repayment dates for some loans have been extended, with the new repayment date falling within 2025, and interest continues to accrue until maturity. The loans receivable from third parties, as well as the interest charged thereon at 18% per annum, are generated by the subsidiary, Hart Capital Partners (UK) Limited. At 31 December 2024, the loans receivable from third parties are stated net of allowance for expected credit losses of €9,596 (2023: €7,620).

Maturity of non-current loans and receivables:

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Two to five years	-	2,204,003	**2,714,629**	2,714,629
	-	2,204,003	**2,714,629**	2,714,629

13. Other Receivables

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
Accrued income	**-**	414,592	**-**	-
Current				
Accrued income	**968,942**	148,259	**258,586**	83,494
Prepaid expenses	**24,447**	23,406	**21,432**	19,936
Indirect tax refundable	**6,072**	8,331	**6,072**	8,331
Other receivables	**-**	50,000	**-**	50,000
	999,461	229,996	**286,090**	161,761
Total	**999,461**	644,588	**286,090**	161,761

At 31 December 2024, the Group's accrued income, representing the interest receivable on the loans receivable from third parties, which is expected to be paid upon maturity of the loans, is stated net of allowance for expected credit losses of €3,392 (2023: €1,334).

14. Share Capital

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Authorised, Issued and Fully Paid Up				
50,000 ordinary shares of €1 each	**50,000**	50,000	**50,000**	50,000

15. Other Equity

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, and for this reason it is classified within equity.

16. Retained Earnings

This represents accumulated profits. During the year under review, no dividends were paid out of retained earnings.

17. Borrowings

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Non-current				
€3,000,000 7.25% Secured Callable Bonds 2025-2027	**3,000,000**	3,000,000	**3,000,000**	3,000,000
Bonds outstanding (face value)	**3,000,000**	3,000,000	**3,000,000**	3,000,000
Gross amount of bond issue costs	**(255,624)**	(280,615)	**(255,624)**	(280,615)
Amortisation of gross amount of bond issue costs:				
Amortisation bond issue costs brought forward	**60,462**	4,253	**60,462**	4,253
Amortisation charge for the year	**46,048**	56,209	**46,048**	56,209
Unamortised bond issue costs	**(149,114)**	(220,153)	**(149,114)**	(220,153)
Amortised cost and closing carrying amount	**2,850,886**	2,779,847	**2,850,886**	2,779,847

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.

Bond issue costs
The change in bond issue costs relates to the recoverability of vat associated with them.

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, and unconditional 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		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Trade payables	**109**	21,257	**109**	21,257
Accrued expenses	**65,142**	76,614	**54,437**	65,702
Amounts due to subsidiary	**-**	-	**25,100**	35,245
	65,251	97,871	**79,646**	122,204

Amounts due to subsidiary are unsecured, interest-free and repayable on demand.

19. Cash and Cash Equivalents

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

	The Group		The Company	
	2024	2023	**2024**	2023
	€	€	**€**	€
Cash at bank	**142,923**	244,784	**18,773**	83,099
	142,923	244,784	**18,773**	83,099

A minimum cash balance equivalent to six months' bond interest is required to be retained by the Group at all times.

20. Deferred Tax Liability

	Opening balance	Recognised in OCI	Closing balance
	€	€	€
Group			
Year 2024			
Arising on unrealised gain on exchange on net foreign investment	-	35,792	**35,792**

21. 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 subsidiary 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		**The Company**	
	2024	2023	**2024**	2023
	€	€	**€**	€
Income				
Finance income from subsidiary	**-**	-	**325,755**	325,755
Management fee income from subsidiary	**-**	-	**75,000**	75,000
Expenses				
Hedging fee	**12,000**	-	**12,000**	-

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 9 to these consolidated financial statements.

Year-end balances for bonds 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, 15 and 18 to these consolidated financial statements.

22. Earnings per Share

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

	The Group	
	2024	2023
	€	€
Net profit attributable to owners of the company	**124,555**	113,071
Weighted average number of ordinary shares in issue (Note 14)	**50,000**	50,000
Earnings per share (cents)	**2.5c**	2c

23. Financial Risk Management

At the year-end, the Company's main financial asset comprised loans receivable from a 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 loans receivable from third parties and cash at bank (Notes 12 and 19). The carrying amount of financial assets represents the maximum credit exposure.

The Group's cash at bank is 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.

23. Financial Risk Management (continued)

Credit Risk (continued)

To the contrary there is the risk of suffering a loss should any of the 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 the 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 forward-looking 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 Group's impairment charge resulted in a loss allowance of €12,987 as at 31 December 2024. Although an extension of the repayment date is being granted by the Group, the loans are not considered to be in default as the counterparty continues to meet its obligations under the revised terms.

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 flow 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 Group has entered into a foreign exchange risk agreement, which removes the Group's exposure to foreign exchange currency, in this case, GBP for EUR, at a fixed rate in the future. The foreign exchange risk agreement is an option contract which hedges only the exchange losses whilst the exchange gains are retained by the Group.

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.

23. Financial Risk Management (continued)

Fair Values of Financial Instruments

At 31 December 2024 and 31 December 2023, 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 the end of the reporting period, the fair values of financial assets and liabilities approximated the carrying amounts shown in the statement of financial position.

HART CAPITAL PARTNERS (UK) LIMITED

Report
And
Financial Statements
31 December 2024

Company Registration Number 13528148

CONTENTS

The directors present their report together with the audited non-statutory financial statements of Hart Capital Partners (UK) Limited (the Company) for the year ended 31 December 2024.

Principal Activities

The principal activity of Hart Capital Partners (UK) Limited 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.

Performance Review

During the year under review, the Company generated revenue of £503,987 (2023: £498,686) which is principally interest generated on loans receivable from third parties. The Company's costs consist mainly of the interest payable on the loan advanced by its parent, Hart Capital Partners (Europe) p.l.c., and administrative costs comprising mainly of professional fees and management fees. As of 31 December 2024, the strengthening of the Pound Sterling against the Euro resulted in an unrealized exchange gain of £118,741 on liabilities denominated in Euros. The Company generated a profit after tax of £199,302 (2023: £115,700).

Position Review

The Company's asset base amounted to £3,721,655 (2023: £3,456,611).

The Company's main liabilities comprise the £2,250,915 (2023: £2,359,148) loan from its parent, Hart Capital Partners (Europe) p.l.c. The key assets consist of a cash balance of £102,942 (2023: £140,512) and loans receivable from third parties amounting to £2,791,973 (2023: £2,793,308).

Dividends and Reserves

The Board of Directors does not propose the payment of dividends. Retained earnings carried forward at the reporting date amounted to £312,191 (2023: £112,889) for the Company.

Financial Risk Management

The Company's main activity consists of loans receivable from customers and hence the Company is economically dependent on the business prospects of its customers.

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 Company.

In this respect, the Company intends to continue to manage the loans issued to third parties in order to ensure sustainable financial results. A detailed review of the risk management policies adopted by the Company is included in Note 20 to these non-statutory financial statements.

Events Subsequent to the Statement of Financial Position Date

The directors assessed subsequent events from 1 January 2025 through 23 April 2025, the date these non-statutory 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 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
Mr. Christon Jon Burrows

Auditors

At the date of making this report, the Directors confirm the following:

- As far as the directors are aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant information needed by the independent auditor in connection with preparing their report and to establish that the independent auditor is aware of that information.

This report was approved by the Board of Directors and signed on its behalf by:

Mr. Alexander Tanti
Director

Mr. Christon Jon Burrows
Director

Registered Address:
Hart Capital Partners (UK) Limited
47a Broadgates,
Marketplace,
Henley-On Thames,
England

23 April 2025

Statement of Directors' Responsibilities

The directors are responsible for the preparation of the non-statutory financial statements in accordance with applicable law and regulations.

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

- ensure that the non-statutory 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 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 Company. 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.

INDEPENDENT AUDITORS' REPORT
To the Board of Directors of Hart Capital Partners (UK) Limited

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Report on the Audit of the Non-Statutory Financial Statements prepared for the purposes of the Prospects MTF Rules issued by the Malta Stock Exchange

Opinion

We have audited the non-statutory financial statements of Hart Capital Partners(UK) Limited (the Company), set out on pages 8 to 24 which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying non-statutory financial statements give a true and fair view of the financial position of the Company, as at 31 December 2024 and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the non-statutory financial statements section of our report. We are independent of the 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 non-statutory 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.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the non-statutory financial statements, which describe the basis of accounting.

The Company is the guarantor to its parent, Hart Capital Partners (Europe) p.l.c. 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.

Emphasis of Matter – Basis of Accounting and Restriction on Use (continued)

These non-statutory financial statements are prepared solely for the purpose of complying with the Company's (as a guarantor) financial information reporting obligations arising under the Prospects MTF Rules, Regulation Rule 4.11.12. As a result, these non-statutory financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report. Our opinion on the non-statutory 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 non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory 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.

Responsibilities of the Directors

The directors are responsible for the preparation of the non-statutory financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and for such internal control as the directors determine is necessary to enable the preparation of the non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors’ Responsibilities for theAudit of the Non-Statutory Financial Statements

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

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

- 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 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 auditors’ report to the related disclosures in the non-statutory 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 auditors’ report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company’s ability to continue as a going concern.

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

Auditors' Responsibilities for the Audit of the Non-Statutory Financial Statements (continued)

We communicate with the directors 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.

Use of Our Report

This report is made solely for the Company's directors, as a body, in accordance with our engagement letter. Our audit work has been undertaken so that we might state to the Company's directors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone than the Company, for our audit work, for this report or for the opinions we have formed.

John Abela (Partner) for and on behalf of

Horwath Malta
Member Crowe Global

La Provvida,
Karm Zerafa Street,
Birkirkara BKR1713,
Malta.

23 April 2025

Statement of Comprehensive Income
For the year ended 31 December 2024

	Note	**2024** **£**	2023 £
Finance income	5	**503,987**	498,686
Finance costs	6	**(275,791)**	(283,338)
Net interest income		**228,196**	215,348
Administrative expenses		**(80,305)**	(88,917)
Other income	7	**118,741**	22,461
Profit before Income Tax	8	**266,632**	148,892
Income taxation	9	**(67,330)**	(33,192)
PROFIT FOR THE YEAR		**199,302**	115,700
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**199,302**	115,700

The accounting policies and explanatory notes on pages 12 to 24 form an integral part of these non-statutory financial statements.

Statement of Financial Position
As at 31 December 2024

	Note	2024 £	2023 £
ASSETS			
Non-current Assets			
Loans receivable	10	**-**	1,915,389
Other receivables	11	**-**	360,301
		-	2,275,690
Current Assets			
Loans receivable	10	**2,791,973**	877,919
Other receivables	11	**826,740**	162,490
Cash and cash equivalents	18	**102,942**	140,512
		3,721,655	1,180,921
Total Assets		**3,721,655**	3,456,611
EQUITY AND LIABILITIES			
Capital and Reserves			
Called up issued share capital	12	**1**	1
Other equity	13	**869,930**	869,930
Retained earnings	14	**312,191**	112,889
		1,182,122	982,820
Non-Current Liabilities			
Borrowings	15	**2,250,915**	2,359,148
Deferred tax liability	16	**29,679**	-
		2,280,594	2,359,148
Current Liabilities			
Trade and other payables	17	**223,165**	81,451
Current tax liability		**35,774**	33,192
		258,939	114,643
Total Equity and Liabilities		**3,721,655**	3,456,611

The accounting policies and explanatory notes on pages 12 to 24 form an integral part of these non-statutory financial statements.

The non-statutory financial statements on pages 8 to 24 were approved by the Board of Directors on 23 April 2025 and were signed on its behalf by:

Mr. Alexander Tanti
Director

Mr. Christon Jon Burrows
Director

Statement of Changes in Equity
For the year ended 31 December 2024

	Share Capital	Shareholder's Loan	Retained Earnings	Total
	£	£	£	£
Balance as at 1 January 2023	1	869,930	(2,811)	867,120
Total comprehensive income				
Profit for the period	-	-	115,700	115,700
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	115,700	115,700
Balance as at 31 December 2023	**1**	**869,930**	**112,889**	**982,820**
Balanance as at 1 Janaury 2024	1	869,930	112,889	982,820
Total comprehensive income				
Profit for the year	-	-	199,302	199,302
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	199,302	199,302
Balance as at 31 December 2024	**1**	**869,930**	**312,191**	**1,182,122**

The accounting policies and explanatory notes on pages 12 to 24 form an integral part of these non-statutory financial statements.

Statement of Cash Flows
For the year ended 31 December 2024

	Note	**2024** £	2023 £
Operating Activities			
Profit for the year before taxation		**266,632**	148,892
Adjustment for:			
Foreign exchange gain		**(118,741)**	(22,461)
ECL impairment allowance		**2,988**	7,194
Finance income		**(503,987)**	(498,686)
Finance costs		**275,791**	283,338
		(77,317)	(81,723)
Working capital changes:			
Movement in loan and other receivables		**(1,431)**	(1,933,016)
Movement in trade and other payables		**63,473**	(9,054)
Cash used in operations		**(15,275)**	(2,023,793)
Income tax paid		**(35,069)**	-
Interest received		**190,000**	39,699
Interest paid		**(188,053)**	(228,137)
Net Cash used in Operating Activities		**(48,397)**	(2,212,231)
Financing Activities			
Advances from / (to) parent		**10,827**	(30,656)
Net Cash generated from / (used in) Financing Activities		**10,827**	(30,656)
Movement in Cash and Cash Equivalents		**(37,570)**	(2,242,887)
Cash and cash equivalents at beginning of year		**140,512**	2,383,399
Cash and Cash Equivalents at End of Year	18	**102,942**	140,512

The accounting policies and explanatory notes on pages 12 to 24 form an integral part of these non-statutory financial statements.

1. General Information and Basis of Preparation

Hart Capital Partners (UK) Limited (the Company) is a private limited liability company registered under the laws of England and Wales with company registration number 13528148 and with its registered office at 47a Broadgates, Market Place, Henley-On-Thames, England, RG9 2AD.

The Company's principal business is to provide short-term financing to borrowers in search of commercial loans for property development, whether directly through the making of Loans and/or indirectly through the acquisition of Loans from Original Lenders.

The currency of the Company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

The Company is a wholly owned subsidiary of Hart Capital Partners (Europe) p.l.c. (the Parent), a company registered in Malta whose bonds are admitted on Prospects MTF, a multi-lateral trading platform of the Malta Stock Exchange. The Parent prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Hart Capital Partners (UK) Limited qualifies as a small company in the UK and as such the Company has taken advantage of the statutory audit exemption conferred by UK law. To this regard, these non-statutory financial statements are prepared solely for the purpose of complying with the Company's (as a guarantor of its Parent) financial information reporting obligations arising under the Prospects MTF Rules, Regulation Rule 4.11.12.

These non-statutory financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU.

Going concern

Hart Capital Partners (UK) Limited, is set up to provide short-term financing to borrowers in search of commercial loans for property development within the UK property market. The Company 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 twenty-five to thirty-four months each. Due to construction delays, the repayment dates for some loans have been extended, and interest continues to accrue until maturity. Although an extension of the repayment date is being granted by the Company, the loans are not considered to be in default as the counterparty continues to meet its obligations under the revised terms. Based on such reasons, the business prospects are highly dependent on the ability of the borrowers to meet their obligations in a timely manner at maturity.

The property market in the South East of England typically sees higher average house prices compared to the rest of the country. House prices across the UK are growing slightly faster than in the South East, because the South East is a more developed and mature market, offering stability and consistently higher prices. In 2023, the market faced challenges due to rising interest rates and negative economic conditions, which made property less affordable. As a result, demand decreased, leading to a significant drop in sales volume. However, 2024 has shown signs of recovery. The improving economy, coupled with a reduction in interest rates, has helped make property more affordable, driving up demand. This increased demand is expected to support a steady growth in house prices moving forward. Looking ahead to 2025, the property market in the South East is expected to continue growing, albeit at a more moderate pace. With the ongoing recovery in the economy and further improvements in affordability, house prices are forecast to rise at a steady rate. While regional differences will persist, overall, the South East market is likely to remain stable and attract strong demand.

1. General Information and Basis of Preparation (continued)

Going concern (continued)

In preparing these non-statutory 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 non-statutory financial statements on a going concern.

Use of estimates and judgements

The preparation of the non-statutory financial statements in conformity with IFRS as adopted by the EU requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies (refer to Note 4 – Critical accounting estimates and judgements).

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

2. Changes in Accounting Policies and Disclosures

Standards, interpretations and amendments to published standards effective in 2024

In 2024, the Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the Company's accounting period beginning on 1 January 2024. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Company's accounting policies impacting the Company's financial performance and position, including disclosures.

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

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Group's and Company's accounting periods beginning after 1 January 2024. The Group and Company have not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group and Company's financial statements in the period of initial application.

3. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these non-statutory 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.

3. Significant Accounting Policies (continued)

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 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.

Foreign currencies

Functional and presentation currency

Items included in the non-statutory financial statements are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The non-statutory financial statements are presented in pounds sterling (£), which is the Company’s functional and presentation currency.

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 operation.

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).

3. Significant Accounting Policies (continued)

Financial instruments

Recognition and measurement

Financial assets and financial liabilities are initially recognised when the Company 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 Company 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 year following the change in the business model.

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 Company 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 Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI as at FVTPL, if doing so eliminates or significantly reduces 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 Company's bad debts
- liquidity position of inter-companies

3. Significant Accounting Policies (continued)

Financial instruments (continued)

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 year of time.

In assessing whether the contractual cash flows are SPPI, the Company 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.

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 Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers 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 company derecognises a financial liability when its contractual obligations are discharged 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 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.

3. Significant Accounting Policies (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a 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 Company 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 Company applies the simplified approach to measuring expected credit losses as permitted by IFRS 9, 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 year of time before the reporting date and the historical credit losses experience within this year 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.

For related party balances, the Company 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 classified 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.

3. Significant Accounting Policies (continued)

Share capital (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's non-statutory financial statements in the year in which the dividends are approved by the Company's shareholders.

4. 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 non-statutory financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

5. Finance Income

	2024	2023
	£	£
Interest receivable from loans given to third parties	**503,987**	498,686

6. Finance Costs

	2024	2023
	£	£
Interest payable on loan from parent	**275,791**	283,338

7. Other income

	2024	2023
	£	£
Unrealised gain on foreign exchange	**118,715**	22,461

8. Profit before Income Tax

This is stated after charging the following:

	2024	2023
	£	£
Audit fee	**5,134**	5,927

9. Income Taxation

	2024	2023
	£	£
Current tax expense	**37,652**	33,192
Deferred tax expense	**29,678**	-
	67,330	33,192

The Company is subject to the tax rates applicable in the UK. The tax charge and the result of accounting profit multiplied by the statutory income tax rate are reconciled as follows:

	2024	2023
	£	£
Profit before taxation	**266,632**	148,892
Tax at the applicable statutory rate of 25%	**66,658**	33,726
Tax effect of:		
Disallowable expenses	**672**	-
Other differences	**-**	(534)
Tax charge	**67,330**	33,192

10. Loans Receivable

	2024	2023
	£	£
Non-current		
Loans receivable from third parties	**-**	1,915,389
Current		
Loans receivable from third parties	**2,791,973**	877,919

At 31 December 2024, the loans receivable from third parties are stated net of allowance for expected credit losses of £7,957 (2023: £6,621).

10. Loans Receivable

Weighted average effective interest rate as at 31 December 2024 and 2023:

	2024	2023
	%	%
Loans receivable from third parties	**18**	18

Maturity of non-current loans receivable:

	2024	2023
	£	£
Two to five years	**-**	1,915,389

11. Other Receivables

	2024	2023
	£	£
Non-current		
Accrued income	**-**	360,301
Current		
Amounts due from parent company	**20,813**	30,630
Accrued income	**803,427**	128,844
Prepaid expenses	**2,500**	3,016
	826,740	162,490

Amounts due from parent company are unsecured, interest-free and are repayable on demand. As at 31 December 2024, the amounts due to the parent were fully performing and hence do not contain impaired assets.

At 31 December 2024, the accrued interest on the loans receivable from third parties is stated net of allowance for expected credit losses of £2,811 (2023: £1,159).

11. Other Receivables (continued)

Maturity of non-current accrued income:

	2024	2023
	£	£
Two to five years	**-**	360,301

12. Share Capital

	2024	2023
	£	£
Ordinary shares		
1 ordinary share of £1 each	**1**	1

13. Other Equity

This amount represents a loan of £869,930 from one of the ultimate beneficial owner of the Company. It is unsecured, interest-free and repayable exclusively at the option of the Company, and for this reason it is classified within equity.

14. Retained Earnings

This represents accumulated profits and losses. During the year under review, no dividends were paid.

15. Borrowings

	2024	2023
	£	£
Non-current		
Loan from parent	**2,250,915**	2,359,148

The non-current borrowings relate to the transfer of funds by the Parent, which it generated from the issue of bonds. The loan is unsecured, carries interest at 12% (2023: 12%) per annum and is repayable in full in a single bullet payment on 20 September 2027.

16. Trade and Other Payables

	2024	2023
	£	£
Accrued expenses	**223,165**	81,451

17. Deferred Tax Liability

	Opening balance	**Recognised in profit or loss**	**Closing balance**
	£	**£**	£
Year 2024			
Arising on provisions	**-**	29,678	**29,678**

18. Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2024	2023
	£	£
Cash at bank	**102,942**	140,512

19. 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.

The Company forms part of the Hart Group of Companies. All companies forming part of the Hart Group are related parties since these companies are 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 Jon Burrows and Ms. Joanne Burrows, who are therefore considered to be related parties.

The Company is a subsidiary of Hart Capital Partners (Europe) p.l.c. who is the parent company. The registered address of the parent company is 55D, Birbal Street, Balzan, BZN 9017.

Hart Capital Partners (Europe) p.l.c. is the ultimate parent of the Company. Hart Capital Partners (Europe) p.l.c. produces consolidated financial statements that are available for public use, and which incorporate the individual non-statutory financial statements of the Company.

19. Related Party Transactions (continued)

	2024	2023
	£	£
Expenses		
Interest payable charged by parent	**275,791**	283,338
Management fee charged by parent	**63,496**	65,234

Year-end balances arising from related party transactions are disclosed in Notes 11, 13 and 15 to these non-statutory financial statements.

20. Financial Risk Management

At the year end, the Company's main financial assets comprised loans receivable from third parties and cash and cash equivalents. At the year end the Company's main financial liabilities consisted of borrowings and trade and other payables. 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 Company to concentrations of credit risk consist principally of loans receivables from third parties and cash at bank (Notes 10 and 17). The carrying amount of financial assets represent the maximum credit exposure. The Company's cash at bank is 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 Company. 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 loans receivable from third parties. There is the risk of suffering a loss should any of the Company's customers fail to fulfil their contractual obligations to the Company. Hence, credit risk mainly arises from customer loans. It constitutes the Company's largest risk in view of its significant lending portfolio. To minimise credit risk, facilities are secured by tangible security. The Company monitors credit exposures on a regular basis and ensures 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 the risk of default and expected loss rates. The Company's management uses judgment in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

20. Financial Risk Management (continued)

Credit Risk (continued)

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 resulted in a loss allowance of £10,768 as at 31 December 2024 (2023: loss allowance of £7,780).

Currency Risk

In order to mitigate the foreign exchange volatility risk, the Group has entered into a foreign exchange risk agreement, which removes the Group's exposure to foreign exchange currency, in this case, GBP for EUR, at a fixed rate in the future. The foreign exchange risk agreement is an option contract which hedges only the exchange losses whilst the exchange gains are retained by the Group.

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 (Notes 15 and 16). The Company is exposed to liquidity risk arising from its ability to satisfy liability commitments depending on cash inflow receivable in turn from its customers.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month year 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 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 Company's assets and liabilities are analysed into relevant maturity groupings based on the remaining years at the end of the reporting year to the contractual maturity dates in the respective notes to these non-statutory financial statements.

Fair Values of Financial Instruments

At 31 December 2024 and 31 December 2023, 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.

Capital Management

The Company guarantees the bonds of Hart Capital Partners (Europe) p.l.c. (Parent company). Related finance costs are also guaranteed by the Company.

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