

RM ZDP PLC

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

CONTENTS

Page

STRATEGIC REPORT

Objective and financial information	1
Chair's statement	2
Board of Directors	3
Strategic report and other statutory information	4

GOVERNANCE

Directors' report	6
Directors' remuneration policy and report	10
Statement of Directors' responsibilities	11
Independent Auditor's report	13

FINANCIALS

Statement of comprehensive income	19
Statement of financial position	20
Statement of changes in equity	21
Statement of cash flows	22
Notes to the financial statements	23

OTHER INFORMATION

Glossary	31
Directors, Manager and Advisers	33

OBJECTIVE AND FINANCIAL INFORMATION

Objective

The objective of RM ZDP Plc (the “Company”) is to meet the final capital entitlement of the ZDP Shares at the ZDP Repayment Date.

Financial Information

	Year ended 31 December 2020	Year ended 31 December 2019
Accrued capital entitlement per ZDP Share	109.86p	106.18p
ZDP Share redemption yield	3.5%	3.5%

CHAIR'S STATEMENT

I am pleased to present the Company's Annual Report and accounts for the year ended 31 December 2020 for RM ZDP Plc (the "Company").

The Company is a wholly owned subsidiary of RM Secured Lending plc (the "Parent" or "RMDL") and was established for the purpose of issuing zero dividend preference shares of GBP 0.01 each ("ZDP" Shares).

On 3 April 2018, 10,869,950 ZDP Shares were issued and admitted to trading on the standard segment of the Official List of the London Stock Exchange. The Company has made a loan of the gross proceeds raised from the issue of the ZDP Shares to RMDL pursuant to the ZDP Loan Agreement between the Company and RMDL ("Loan Agreement").

Subject to the Companies Act, on a return of capital, on a winding-up or otherwise, ZDP Shareholders will be entitled to receive an amount equal to the Initial Capital Entitlement of 100 pence per ZDP Share, increased at such daily accrual rate as compounds annually to give a Final Capital Entitlement of 110.91 pence per ZDP Share at the ZDP Repayment Date of 6 April 2021, which is equivalent to a Redemption Yield of 3.5 per cent. per annum (compounded annually).

As at 31 December 2020 the accrued capital entitlement per ZDP Share was 109.86p and the share price per ZDP Share was 107.50p.

As part of the Loan Agreement, the Company and the Parent entered into the Undertaking. Pursuant to the Undertaking, to the extent that the Final Capital Entitlement multiplied by the number of outstanding ZDP Shares as at the Repayment Date (or, if earlier, the accrued capital entitlement multiplied by the number of outstanding ZDP Shares following the date on which a Winding-Up Resolution is approved) exceeds the aggregate principal amount and accrued interest due from the Parent to the Company pursuant to the Loan Agreement as at the Repayment Date, the Parent shall: (i) subscribe an amount equal to or greater than the Additional Funding Requirement for the Company Ordinary Shares or (ii) make a capital contribution or gift or otherwise pay an amount equal to or greater than (where rounding is required) the Additional Funding Requirement. Where applicable, the Additional Shares may be Company Ordinary Shares or such other class of shares in the Company as is agreed between the Parent and the Company.

The key performance indicator against which the Board has reviewed the Company's performance is set out on page 4.

From the perspective of the Directors, the Company's activities are integrated with the Parent for which the Annual Report can be found on the Parent's website.

Norman Crighton

Chair

26 March 2021

BOARD OF DIRECTORS

Composition

At the date of this report, the Board consists of three non-executive Directors including the Chair, two of whom are male and one female. All the Directors have served during the entire year since their appointment on 21 February 2018.

The Board believes that during the year ended 31 December 2020 its composition was appropriate for the Company's purpose.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are given below:

Norman Crighton *(Non-executive Chair)*

Norman is the Chair of Weiss Korea Opportunity Fund and AVI Japan Opportunity Trust. Norman was, until May 2011, an Investment Manager at Metage Capital Limited where he was responsible for the management of a portfolio of closed-ended funds and has 30 years' experience in closed-ended funds having worked at Olliff and Partners, LCF Edmond de Rothschild, Merrill Lynch, Jefferies International Limited and latterly Metage Capital Limited. His experience in investment banking covers analysis and research as well as sales, market making, proprietary trading and corporate finance.

Guy Heald *(Non-executive Director)*

Guy has spent most of his career in banking, not only specialising in markets, but also in general management positions overseeing all aspects of banking, including lending. He worked in London, New York and Tokyo and has an extensive knowledge of companies needs for financing and managing interest rate, liquidity and foreign exchange risks. During his career he worked for Brown Shipley, Chemical Bank and HSBC where he held senior positions including Head of Global Markets and Chief Executive Officer at HSBC Japan. After leaving banking in 2003 he has served as an adviser, non-executive director and trustee of several charities as well as starting a number of successful family companies of his own. The SME market is of particular interest to Guy, specifically the challenges facing companies in their pursuit for growth, as he invests venture and growth capital himself.

Marlene Wood *(Non-executive Director and Chair of the Audit Committee)*

Marlene is a chartered accountant with a broad range of experience in both the private and public sector and is currently a Non-executive Director and Chair of the Audit Committee of GCP Student Living plc and Home REIT plc.

Marlene has 20 years' experience in the commercial property sector having been finance director for Miller Developments raising finance for major property transactions both in the UK and Europe. Her experience covers governance and risk management as well as financial oversight and debt raising.

STRATEGIC REPORT AND OTHER STATUTORY INFORMATION

Incorporation details

RM ZDP Plc was incorporated and registered in England and Wales on 21 February 2018 with registered number 11217952 as a public company limited by shares. The registered office of the Company is at 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

Principal activities

The Company is a wholly owned subsidiary of RM Secured Direct Lending PLC (the “Parent”) and was incorporated by the Parent for the sole purpose of issuing the ZDP Shares. The Company’s only material financial obligations are in respect of the ZDP Shares. Its only material assets are its Loan to the Parent pursuant to the Loan Agreement and the obligation of the Parent pursuant to the Undertaking to put the Company in a position to meet its obligations in respect of the ZDP Shares and to pay its operating expenses.

Objective

The objective of the Company is to meet the final capital entitlement of the ZDP Shares at the ZDP Repayment Date.

As per the prospectus, subject to the Companies Act, on a return of capital, on a winding-up or otherwise, ZDP Shareholders will be entitled to receive an amount equal to the Initial Capital Entitlement of 100 pence per ZDP Share, increased at such daily accrual rate as compounds annually to give a Final Capital Entitlement of 110.91 pence per ZDP Share at the ZDP Repayment Date of 6 April 2021, which is equivalent to a Redemption Yield of 3.5 per cent. per annum (compounded annually).

Financial performance

The current year loss is £274,000 (2019: loss of £269,000).

Key performance indicators

The Board reviews the performance of the Company by reference to one key performance indicator (KPIs) as follows;

- Accrued capital entitlement, which represents the Company’s liability per ZDP share. As at 31 December 2020, the total accrued capital entitlement is £11,541,000, equivalent to 109.86p per ZDP Share.

Further KPIs for the Parent can be found in its Annual Report. The Company’s ZDP Shares market capitalisation as of 31 December 2020 was £11.7 million based on 10.9 million ZDP Shares and at a share price of 107.50p per ZDP share.

Current and future developments

The current and future developments of the Company are set out in the Chair’s statement on page 2 and can also be reviewed as part of the Group’s activities by reference to the Parent’s Annual Report.

External service providers

Administrative functions are contracted to external service providers. However, the Directors retain responsibility for exercising overall control and supervision of these external service providers.

Principal risks and uncertainties

Due to the Company's dependence on the Parent to repay the loan and provide any contribution to meet the final capital entitlement of the ZDP Shareholders, the principal risk faced by the Company is the credit risk posed by the Loan Agreement and the Parent's ability to perform its obligations under the undertaking. The Board has carried out a robust assessment of this risk. The specific risks faced by the Parent are described in its annual report, which include macroeconomic risks, legal and compliance risks, investment risks, taxation risks, cyber security risks and an update on any effect of Brexit.

In addition, the Company is also focused on the following risk;

Final capital entitlement: The Parent's debt to the Company pursuant to the Loan Agreement and the Parent's obligations under the Undertaking will rank behind any secured creditors of the Parent, therefore it is not guaranteed that the final capital entitlement will be paid.

Mitigation: The Parent has granted the Undertaking to the Company. Pursuant to the Undertaking, the Parent will ensure that the Company has sufficient assets on the ZDP Repayment Date to satisfy the ZDP Capital Entitlement then due and to pay any operational costs or expenses incurred by the Company from time to time. Dividends and other payments to Shareholders will be restricted while the ZDP Shares are in issue unless Cover is at least 3 times immediately following any such payment or if such payment is required in order for the Parent Company to maintain its investment trust status.

In addition, under the Investment Policy of the Parent, there is a limit that gearing represented by borrowings, including any obligations owed by the Parent in respect of an issue of zero dividend preference shares (whether issued by RMDL or any other member of its group) or any third-party borrowings, will not, in aggregate, exceed 20 per cent. of the net asset value of the Parent calculated at the time of drawdown. The unaudited Gross Assets of the Parent at 31 December 2020 were £132 million.

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 December 2020. The Company commenced its operations on 3 April 2018 when its ZDP Shares were admitted to trading on the London Stock Exchange.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 4 to 5.

Directors and Share Interests

The Directors who served during the year, all of whom are non-executive and were appointed with effect from incorporation on 21 February 2018 were as follows;

- Norman Crighton (Chair)
- Guy Heald
- Marlene Wood

Since the Directors of the Company are also Directors of the Parent, they are considered to be non-independent Directors of the Company; however, in their capacity as Directors of the Parent, each is considered to be independent. Biographies of each Director are set out on page 3 and demonstrate the wide range of skills and experience each brings to the Board.

A formal performance evaluation of the Parent Board and its committees has been carried out and the Parent Board considers that all of the Directors contribute effectively and have the skills and experience relevant to the future leadership and direction of the Parent.

The appointment and replacement of Directors are governed by the Articles of association ("Articles"), the Companies Act 2006 and related legislation. The Articles themselves may be amended by a special resolution in a general meeting and at a class meeting of the Company's shareholders.

Corporate governance

As set out in the Company's prospectus dated 12 March 2018, the Company has a standard listing on the London Stock Exchange, so is not obliged to comply with UK Corporate Governance Code, nor does the Company intend to comply with it on a voluntary basis. In the opinion of the Board, the interests of the Company and the Shareholders are protected by the governance procedures adopted by the Parent as set out in its Annual Report.

Legal status and listing rules requirements

The Company was incorporated in England and Wales as a public company limited by shares under the Companies Act. The principal legislation under which the Company operates is the Companies Act.

The Company is admitted to the standard segment of the Official Listing as such the Company is not subject to the ongoing requirements applicable to premium-listed companies under the Listing Rules.

Alternative Investment Fund Manager ("AIFM")

Pursuant to the AIFM Agreement, a summary of which is set out in the Prospectus, the Company has appointed International Fund Management Limited to act as the external non-EEA AIFM.

The AIFM acts as the Company's alternative investment fund manager for the purposes of AIFMD and maintains

responsibility for implementing appropriate risk measurement and management standards and procedures for the Company.

Under the terms of the AIFM Agreement, the AIFM is entitled to receive a fixed fee of £3,000 plus reimbursement of all out-of-pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of the Company.

Share issues

On incorporation, the issued share capital of the Company was 50,000 Ordinary Shares of a nominal value of £1.00 each which were subscribed by the Parent and fully paid up.

The Company's sole purpose is to issue ZDP Shares, which were issued at the Issue Price of 100 pence. The number of ZDP Shares to be issued pursuant to the Initial ZDP Placing was limited to 20 million ZDP Shares. However, at a general meeting of the Company held on 7 March 2018, a special resolution was proposed to, inter alia, provide the Directors with authority to allot ZDP Shares and authority to issue up to 60 million ZDP Shares. The Parent was the only shareholder entitled to vote at the general meeting and, as a result, such authority to issue up to 60 million ZDP Shares was granted prior to the issue and allotment of ZDP Shares pursuant to the Initial ZDP Placing and the ZDP Placing Programme.

Significant Agreements

The Company is not party to any significant agreements which take effect after or terminate upon a change of control of the Company, nor has the Company entered into any agreements with its Directors to provide for compensation for loss of office.

Company Secretary & Administrator

PraxisIFM Fund Services (UK) Limited has been appointed as the Company Secretary of the Company and in addition, as Administrator, to provide administration services to the Company.

Capital structure and voting rights

At the year end, the Company's issued ordinary share capital comprised 50,000 Ordinary Shares of £1.00 nominal value.

There were 10,869,950 ZDP Shares in issue at the year end.

The Company's Ordinary Shares to be held by the Parent are the only voting shares in the Company, subject to certain matters which require ZDP Shareholder approval. The ZDP Shareholders shall have the right to receive notice of all general meetings of the Company for information purposes but shall have no right to attend or vote at any such meeting of the Company.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment.

Notice of general meetings

At least twenty-one days' notice shall be given to all the members and to the auditors. All other general meetings shall also be convened by not less than twenty-one days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen days has been passed, in which case a general meeting may be convened by not less than fourteen days' notice in writing. A special resolution will be proposed at the Annual General Meeting to reduce the period of notice for general meetings other than the Annual General Meeting to not less than fourteen days.

Going concern

Given that the Company is due to pay its final capital entitlement to the ZDP Shareholders (110.91 pence per ZDP Share) on the ZDP Repayment Date of 6 April 2021 and the Company will be placed into voluntary liquidation and wound up thereafter, the Directors believe that it would not be reasonable to adopt the going concern basis in preparing the financial statements. Therefore, the financial statements have been prepared under a basis other than going concern. The cost of liquidation will be borne by the Parent Company and as such provision for the estimated liquidation costs has not been provided for. Please refer to note 1 on page 23 of the accounting policies.

Auditor information

Each of the Directors at the date of the approval of this report confirms that:

- (i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (ii) the Director has taken all steps that he ought to have taken as Director to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with Section 489 of the Companies Act 2006, an ordinary resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put forward at the forthcoming Annual General Meeting.

Dividends

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2020.

Environmental matters

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Employees

The Company has no employees. As at 31 December 2020 the Company had three Directors of whom one is female and two are male.

Social, community and human rights issues

Having no employees, the Company, as an investment company, has no direct impact on social, community, environmental or human rights matters.

By order of the Board

Brian Smith

For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary

26 March 2021

DIRECTORS' REMUNERATION POLICY AND REPORT

Remuneration Policy

None of the Directors will receive any remuneration from the Company for their services. No Director has a service contract with the Company and no Director is eligible for bonuses, pension benefits, share options, long-term incentive scheme or other benefits.

Remuneration in year

In line with the above policy, the directors did not receive any remuneration or other benefits from the Company in the year ended 31 December 2020.

Norman Crighton

Chair

26 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates, which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

For reasons stated in the Directors' Report and note 2, the financial statements of the Company have been prepared on a basis other than going concern.

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

The accounts are published on the Company's website at <https://rmdl.co.uk/> which is maintained by the Company's Investment Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since being initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation statement

The Directors each confirm to the best of their knowledge that:

- (a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- (b) this Annual 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.

The Directors consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Norman Crighton
Director

26 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RM ZDP PLC

Opinion

We have audited the financial statements of RM ZDP Plc for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- ▶ give a true and fair view of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Statements prepared on a basis other than a going concern

We draw attention to note 2b in the financial statements, which explains that the Board intends to liquidate the Company and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than a going concern as described in note 2b. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Risk of incorrect accounting for financial instruments recognised at amortised cost
Materiality	<ul style="list-style-type: none">• Overall materiality of £61k which represents 0.5% of assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

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 and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Group's Audit and Management Engagement Committee
<p>Incorrect accounting for financial instruments recognised at amortised cost <i>(Refer to the accounting policy set out in note 2c)</i></p> <p>A loan agreement was entered into between the Company and its Parent Company. The Company lent the Parent Company an amount of £10.87m, financed by the Gross proceeds of a Zero Dividend Preference (ZDP) share issue by the Company.</p> <p>The intercompany loan agreement states that interest shall accrue at a rate of 2% per annum. A deed of undertaking was entered into between the Company and Parent Company stating that the Parent Company will finance any additional funding required to repay the ZDP Shares. The ZDP</p>	<p>We have performed the following procedures:</p> <p>We obtained an understanding of the Administrator's processes and controls surrounding financial instrument recognition and amortisation calculations by performing our walkthrough procedures to evaluate the design and implementation of controls.</p> <p>We confirmed the number of ZDP shares in issue to an independently obtained external confirmation.</p> <p>We recalculated the interest receivable from the Parent Company with reference to the loan agreement.</p>	<p>We have no issues to communicate with respect to our procedures performed over the risk of incorrect accounting for financial instruments recognised at amortised cost.</p>

<p>shares have a redemption yield of 3.5% per annum</p> <p>The zero dividend preference shares ('ZDPs') have a maturity date of 6 April 2021.</p> <p>The loan receivable from the Parent Company at 31 December 2020 was held at amortised cost totalling £11.94m (2019: £11.54m)</p> <p>The Zero Dividend Preference share liability at 31 December 2020 was held at amortised cost totalling £11.94m (2019: £11.54m)</p>	<p>We recalculated the finance costs recorded using the redemption yield associated to the ZDP shares.</p> <p>We performed an impairment assessment of the intercompany loan and concluded no material impairment was required.</p> <p>We recalculated the fair value with reference to independent market sources and agreed it to the disclosures made in the financial statements.</p>	
--	---	--

In the prior year, our auditor's report included a key audit matter in relation to the impact of COVID-19. The impact of COVID-19 continued to be relevant to our audit of the Company and we considered this as part of our overall work on disclosures and the Parent Company's ability to repay the Company.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £61k (2019: £58k), which is 0.5% (2019: 0.5%) of assets. We believe that assets provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely £45k (2019: £40k). We have set performance materiality at this percentage due to our previous experience of auditing the Company.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Group's Audit and Management Engagement Committee that we would report to them all uncorrected audit differences in excess of £3k (2019: £3k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are International Accounting Standards the Companies Act 2006 and the Listing Rules.
- We understood how RM ZDP plc is complying with those frameworks by through discussions with the Group's Audit and Management Engagement Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through discussions with management and from our knowledge of the business and by considering the key risks impacting the financial statements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- ▶ Following the recommendation from the Group's Audit and Management Engagement Committee, we were appointed to audit the financial statements of the Company for the year ending 31 December 2018 and subsequent financial periods and signed an engagement letter on 11 January 2019.

The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the years ending 31 December 2018 to 31 December 2020.

- ▶ The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- ▶ The audit opinion is consistent with the additional report to the Group's Audit and Management Engagement Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Sue Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
26 March 2021*

Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Income			
Investment income	3	229	220
Administrative expenses		(73)	(79)
Result from operating activities		156	141
Finance costs	6	(401)	(386)
Loss before taxation		(245)	(245)
Taxation	4	(29)	(24)
Loss after taxation		(274)	(269)
Return per Ordinary Share (pence)		(5.48p)	(5.38p)

There were no items of other comprehensive income in the current year therefore the loss for the year are also the total comprehensive loss for the year.

The notes on pages 22 to 30 form an integral part of these financial statements.

Statement of Financial Position

		As at 31 December 2020	As at 31 December 2019
	Note	£'000	£'000
Current assets			
Financial assets at amortised cost	3	11,942	11,541
Cash and cash equivalents		18	18
Trade and other receivables		172	105
Total current assets		12,132	11,664
Total assets		12,132	11,664
Current liabilities			
Trade and other payables		(140)	(73)
Zero Dividend Preference Shares	6	(11,942)	(11,541)
Total current liabilities		(12,082)	(11,614)
Total liabilities		(12,082)	(11,614)
Net assets		50	50
Capital and reserves: equity			
Share capital	8	50	50
Capital contribution		743	469
Profit and loss reserve		(743)	(469)
Total Shareholders' funds		50	50
NAV per share – Ordinary Shares (pence)	9	100.00p	100.00p
Capital Entitlement – ZDP Shares (pence)	9	109.86p	106.18p

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 26 March 2021 and signed on their behalf by:

Norman Crighton

Director

The Company is registered in England and Wales with registered company number 11217952.

The notes on pages 22 to 30 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Note	Share capital £'000	Capital contribution £'000	Profit and loss £'000	Total £'000
Balance as at beginning of the year		50	469	(469)	50
Loss after taxation		-	-	(274)	(274)
Capital contribution		-	274	-	274
Balance as at 31 December 2020		50	743	(743)	50

For the year ended 31 December 2019

	Note	Share capital £'000	Capital contribution £'000	Profit and loss £'000	Total £'000
Balance as at beginning of the year		50	200	(200)	50
Loss after taxation		-	-	(269)	(269)
Capital contribution		-	269	-	269
Balance as at 31 December 2020		50	469	(469)	50

Share capital represents the nominal value of the Company's Ordinary Shares that have been issued.

The Capital contribution from Parent is to be utilised on current and future obligations of the Company and may be not distributable unless if required for the Company.

The notes on pages 22 to 30 form an integral part of these financial statements.

Notes to the financial statements

1. General information

RM ZDP Plc (the "Company") was incorporated in England and Wales on 21 February 2018, with registered number 11217952 as a public company limited by shares under the Companies Act. The Company has a limited life, with a ZDP Shares Repayment Date of 6 April 2021, unless early terminated or extended, as per provisions in the prospectus dated 12 March 2018. The Company commenced its operations on 3 April 2018. The Company's ZDP Shares were admitted to the Official List of the UK Listing Authority with a standard listing on 3 April 2018 ("Admission"). On the same day, trading of the Ordinary Shares commenced on the London Stock Exchange. The registered office is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

2. Significant accounting policies

The principal accounting policies applied by the Company are set out below:

(a) Basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006.

(b) Going concern

Given that the Company is due to pay its final capital entitlement to the ZDP Shareholders (110.91 pence per ZDP Share) on the ZDP Repayment Date of 6 April 2021 and the Company will be placed into voluntary liquidation and wound up thereafter, the Directors believe that it would not be reasonable to adopt the going concern basis in preparing the financial statements. The cost of liquidation will be borne by the Parent Company as such provision for the estimated liquidation costs has not been provided for. The accounts have been prepared on a basis other than a going concern but the ZDP's shown in the financial statements continue to be presented on an amortised basis rather than a settlement basis. This is deemed appropriate given the purpose of the Company being limited to the issuance of ZDP shares. The capital entitlement attached to the ZDPs will continue to be recognised until their maturity in April 2021. All other receivables and cash are recognized at an equivalent to the realizable value and payables at an equivalent to settlement value.

(c) Financial assets and liabilities at amortised cost-Loans made by the Company and ZDP Shares

Loans made by the Company to its Parent are classified financial assets at amortised cost. ZDP Shares have been classified as financial liabilities at amortised cost.

Loans made by the Company and ZDP Shares are initially recognised at cost, being the fair value of the consideration received or paid associated with the loan or borrowing. Loans and ZDP Shares are subsequently measured at amortised cost using the effective interest method, less any impairment (for the loans). Interest income is recognised by applying the effective interest rate. The loan will be de-recognised when the company is no longer eligible for the cash flows from it and the ZDPs will be de-recognised when they are repaid.

The final capital entitlement to ZDP Shareholders will rank in priority to the capital entitlement of the Ordinary Shares as such ZDP Shares are classified as a liability.

The accounts have been prepared on a breakup basis but the figures shown in the financial statements continue to be presented on an amortised basis rather than a settlement basis given the purpose of the Company being limited to the issuance of ZDP shares.

Impairment of assets - Financial assets at amortised cost and Trade and other receivables are subject to impairment calculated under the expected credit loss model within IFRS 9.

(d) Income

Interest income is recognised on accrual basis using the effective interest rate method.

(e) Expenses

All expenses are accounted for on an accruals basis and recognised in the Statement of Comprehensive Income.

(f) Taxation

The charge for taxation is based upon the net return for the period using the applicable UK corporation tax rate for the reporting period. It takes into account both deductible and non-deductible income and expenses incurred in the reporting period. Deferred taxation will be recognised as an asset or a liability if transactions have occurred at the initial reporting date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset will not be recognised to the extent that the transfer of economic benefit is uncertain.

(g) Dividends

Interim dividends to the holders of shares are recorded in the Statement of Changes in Equity on the date that they are paid. Final dividends are recorded in the Statement of Changes in Equity when they are approved by Shareholders.

(h) Judgement, estimates and assumptions

There are there no judgement, estimate and assumptions for the Company that would have a significant impact on the financial statements.

(i) Capital contribution

Capital contribution(s) from the Parent to meet current and future obligations of the Company are recognised directly in equity.

(j) Segmental reporting

The Directors perform regular reviews of the operating results of the Group as a whole and make decisions using financial information at the Group level. The Board of Directors is of the view that the Company is only engaged in one business segment.

k) Adoption of new IFRS standards

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning after 1 January 2020. None of these are expected to have a significant effect on the measurement of the amounts recognised in the financial statements of the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial

liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. This amendment is unlikely to have any impact on the financial statements of the Company.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS7, IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. These amendments have no impact on the financial statements of the Company.

A number of new standards, amendments to standards and interpretations are not effective for the annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements and not expected to have a significant effect on the financial statements of the Company.

3 Financial assets at amortised cost

	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Loan to Parent	10,870	10,870
Investment income receivable	613	383
Capital contribution receivable	459	288
Closing balance	11,942	11,541

Intercompany Loan Agreement

On 29 March 2018, the Company entered into a Loan Agreement with its Parent. Pursuant to the Loan Agreement, the Company lent the entirety of the gross proceeds of the issue of ZDP Shares to its Parent, which has been applied towards making investments in accordance with its Investment Policy and for working capital purposes.

The Loan Agreement provides that, interest will accrue on the Loan daily at a rate of 2% per annum, compounded annually on each anniversary of Admission of the ZDP Shares and will be rolled up and paid to the Company along with repayment of the principal amount of the Loan to parent on the date falling 2 Business Days before the ZDP Repayment Date, provided that the Loan to Parent shall become repayable by the Parent immediately upon the passing of a Winding-Up Resolution.

Deed of Undertaking

The Company also entered into the Undertaking with the Parent, pursuant to which, to the extent that the Final Capital Entitlement multiplied by the number of outstanding ZDP Shares as at the ZDP Repayment Date exceeds the aggregate principal amount and accrued interest due from the Parent to the Company as at the Repayment Date, the Parent shall: (i) subscribe an amount equal to or greater than the additional funding Requirement for Subsidiary Ordinary Shares or (ii) make a capital contribution or gift or otherwise pay an amount equal to or greater than the additional funding requirement.

4. Taxation

	Year ended 31 December 2020	Period ended 31 December 2019
	£'000	£'000
Analysis of tax charge for the year		
Corporation tax	29	24
Total tax charge for the year (see below note)	29	24

Factors affecting the tax charge for the year:

The effective UK corporation tax rate for the year is 19% (2019:19%). The tax charge for the year can be reconciled to the return on ordinary activities in the Statement of Comprehensive Income as follows:

	Year ended 31 December 2019	Period ended 31 December 2018
	£'000	£'000
Return on ordinary activities before taxation	(245)	(245)
UK corporation tax at 19%	(47)	(47)
Non-deductible expense	76	71
Total tax charge for the year	29	24

5. Basic and diluted loss per Ordinary Share

The calculation of loss per Ordinary Share is based on the net loss for the year £274,000 (2019: £269,000) and a weighted average number of 50,000 (2019:50,000) Ordinary Shares during the year.

6. Financial liabilities at amortised cost-Zero Dividend Preference ('ZDP') Shares

	As at 31 December 2020	As at 31 December 2019
	£'000	£'000
Opening balance	11,541	11,155
Accrued interest during the year	401	386
Closing balance	11,942	11,541

Authorised

The maximum number of ZDP Shares to be issued pursuant to the Initial ZDP Placing, as disclosed in the Prospectus dated 12 March 2018, has been set at 20 million. At a general meeting of the Company held on 7 March 2018, a special resolution was passed to issue up to 60 million ZDP Shares.

On 3 April 2018, the Company issued 10,869,950 ZDP Shares of a nominal value of 1 pence each at a placing price of 100 pence each to raise gross proceeds of £10,869,950, which were allotted and fully paid up. The Parent Company incurred ZDP Shares issue cost of £129,000, which has been amortised over the life of ZDP shares.

Rights attaching to the ZDP Shares

The ZDP Shares carry no right to receive dividends or other distributions out of revenue or any other profits of the Company.

The ZDP Shares will have a life of 3 years and, on that basis, a Final Capital Entitlement of 110.91 pence per ZDP Share on the ZDP Repayment Date of 6 April 2021, equivalent to a Redemption Yield of 3.5% per annum (compounded annually) on the Issue Price.

Under the obligations of Loan Agreement, the Ordinary Shares and the C Shares of the Parent rank behind the ZDP Shares.

Voting rights of ZDP Shares

The ZDP Shareholders shall have the right to receive notice of all general meetings of the Company for information purposes, but shall have no right to attend or vote at any such meeting of the Company. For the avoidance of doubt:

- any resolution to alter, modify or abrogate the special rights or privileges attached to the ZDP Shares shall require separate class consent (by special resolution) at a class meeting of ZDP Shareholders convened and held in accordance with the ZDP Articles (a “ZDP Class Consent”); and
- any ZDP Recommended Resolution or any resolution to approve a ZDP Reconstruction Proposal (if required) shall only be approved by Company Ordinary Shareholders provided they have first been approved by way of a ZDP Class Consent.

Variation of rights and Distribution on winding up

Subject to the Companies Act, on a return of capital, on a winding-up or otherwise, ZDP Shareholders will be entitled to receive an amount equal to the Initial Capital Entitlement of 100 pence per ZDP Share, increased at such daily accrual rate as compounds annually to give a Final Capital Entitlement of 110.91 pence per ZDP Shares at the ZDP Repayment Date of 6 April 2021, which is equivalent to a Redemption Yield of 3.5% per annum (compounded annually).

The Final Capital Entitlement will rank behind any liabilities of the Parent (including the liabilities to OakNorth under the RCF and in priority to the capital entitlements of the Ordinary Shares and any C Shares. The ZDP Shares carry no entitlement to income and the whole of their return accordingly takes the form of capital. The ZDP Shareholders are not entitled to receive any part of the revenue profits (including any accumulated revenue reserves) of the Company on a winding-up, even if the accrued capital entitlement of the ZDP Shares will not be met in full.

7. Auditor’s remuneration

Audit fees in respect of the Company’s financial statements for the year ended 31 December 2020 are £7,000 (2019: £7,000) (excludes VAT of £2,000).

8. Share capital

Authorised

	As at 31 December 2020		As at 31 December 2019	
	Number of shares	Nominal £'000	Number of shares	Nominal £'000
Allotted, issued and fully paid:				
Ordinary Shares of £1 each	50,000	50	50,000	50

On incorporation, the Company issued 50,000 Ordinary Shares of a nominal value of £1.00 each which were subscribed by the Parent and fully paid up.

Voting rights

The Company's ordinary shares held by the Parent are the only voting shares in the Company, subject to certain matters which will require ZDP Shareholder approval.

Ultimate controlling rights

The voting rights in the Company are wholly owned by RM Secured Direct Lending Plc, a company incorporated and registered in England and Wales, and is therefore the immediate and ultimate controlling party.

9. Net asset value ('NAV') / Capital entitlement per share

As at 31 December 2020	Shares in issue	Attributable to Shareholders (£'000)	Capital entitlement per share (p)	NAV per share (p)
Ordinary Shares	50,000	50	n/a	100.00
Zero Dividend Preference Shares	10,869,950	11,942	109.86	n/a

As at 31 December 2019	Shares in issue	Attributable to Shareholders (£'000)	Capital entitlement per share (p)	NAV per share (p)
Ordinary Shares	50,000	50	n/a	100.00
Zero Dividend Preference Shares	10,869,950	11,541	106.18	n/a

10. Related parties

As at the year end, the Parent Company held 50,000 Ordinary Shares of £1 each in the Company.

On 29 March 2018, the Company entered into a Loan Agreement and Undertaking with its Parent Company which are disclosed in note 3.

The Directors shall not be entitled to receive remuneration in respect of their performance of their duties as Company's Directors nor shall they be entitled to receive any expenses in relation to their role of Company Directors. As at the year end, the Directors held no shareholding in the Company.

11. Financial risk and capital management

The Board of Directors has overall responsibility for the oversight of the Company's risk management framework. The objective of the Company is to provide the Final Capital Entitlement of the ZDP Shares to ZDP holders at the redemption date. Due to the Company's dependence on Parent Company to repay the loan and provide contribution to meet the final capital entitlement of the ZDP shareholders, the risks faced by the Company are considered to be the same as Parent Company. The Company has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

(i) Credit risks

Credit risk is the risk of the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Loan Agreement and the obligation of Parent Company under the Undertaking to subscribe for such number of Ordinary Shares or otherwise ensure that Company is able to pay the Final Capital Entitlement to ZDP Shareholders on the ZDP Repayment date. Parent Company's credit risk is the risk of financial loss if a counterparty to a debt instrument fails to meet its contractual obligations. Parent Company and its investment manager seek to mitigate Parent Company's credit risk by actively monitoring Parent Company's portfolio of debt instruments and the credit quality of the underlying borrowers.

The total value of balances subject to credit risk is £11,942,000(2019: £11,541,000) being the receivables due to the parent Company. Loans to the Parent Company have low credit risk as the Parent has a strong capacity to meet its contractual cash flow obligations in the near term. This has been assessed considering the net assets and revenue forecasts of the Parent Company. Adverse changes in economic and business conditions in the longer term are still unlikely to reduce the ability of the Parent to fulfil its obligations. Having assessed these factors and the credit-worthiness of the Parent Company, the expected credit loss is not material.

(ii) Liquidity risks

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The most significant cash outflow consists of the payment of the Final Capital Entitlement to the ZDP holders at the ZDP Repayment Date of 6 April 2021. The Company's exposure to liquidity risk depends upon Parent Company's ability to meet all current and future obligations of the Company. The Directors consider Parent Company's compliance with the Deed of Undertaking (described in note 2 (b) above) and the capital contributions received as sufficient in providing liquidity to the Company when required.

The ZDP Shares capital entitlement amount of £12,055,000 will be repayable on 6 April 2021.

(iii) Interest rate risks

The interest rate applied on the Loan Agreement is fixed at 2% and the interest rate payable on the ZDP shares is fixed at 3.5% compounded and as such no sensitivity analysis is required.

Fair value estimation

The fair values of cash and cash equivalents and short-term debtors and creditors are estimated to be approximately equal to their carrying values due to their short-term nature. The fair values of the financial assets at amortised cost due from the parent under the loan agreement and undertaking are also estimated to be approximately equal to their carrying values. The ZDP Shares are disclosed in this note for disclosures purposes only under IFRS 13 "Fair Value Measurement" (IFRS 13).

The Directors based the fair value of the ZDP shares on the traded price of 107.50 pence per share (2019: 105.50 pence per share) which was observed on the London Stock Exchange on 31 December 2020 being the last observable traded price before the year end.

Fair value hierarchy

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1

Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable for the asset or liability.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instruments and does not necessarily correspond to the Company's perceived risk inherent in such financial instruments.

The ZDP shares are classified within Level 1 of the fair value hierarchy on the basis that the fair value was derived from an observable traded price.

The classification of the Company's investments held at fair value through profit or loss is detailed in the table below:

As at 31 December 2020	Level 1	Level 2	Level 3
	£'000	£'000	£'000
Fair value			
Financial liabilities at market value	11,685	-	
As at 31 December 2019	Level 1	Level 2	Level 3
	£'000	£'000	£'000
Fair value			
Financial liabilities at market value	11,468	-	

12. Subsequent events

There are no post balance sheet events since the year end.

Glossary

Alternative Investment Fund or “AIF”	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or “AIFMD”	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or “AGM”	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the Company in which they are invested.
C Shares	C Shares of 10 pence each in the capital of the Parent Corporation Tax Act 2010.
CTA 2010	Corporation Tax Act 2010.
Custodian	An entity that is appointed to safeguard a company’s assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Final Capital Entitlement	110.91 pence per ZDP Share payable on the ZDP Repayment Date
Financial Conduct Authority or “FCA”	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Liquidity	The extent to which investments can be sold at short notice.
Loans or Secured Debt Instruments	Secured debt instruments of UK SMEs and mid-market corporates and/or individuals including any loan, promissory

notes, lease, bond, or preference share such debt instruments.

Net assets	An investment company's assets less its liabilities
Net asset value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury)
Ordinary Shares	The Company's Ordinary Shares of £1 each in the capital of the Company.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the <i>net asset value</i> per share.
Prospectus	The prospectus of the Company dated 12 March 2018.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
ZDP Share	Zero dividend preference Share

DIRECTORS, MANAGER AND ADVISERS

DIRECTORS

Norman Crichton (*Non-Executive Chair*)
Guy Heald
Marlene Wood

INVESTMENT MANAGER

RM Capital Markets Limited
4th Floor, 7 Castle Street
Edinburgh
EH2 3AH

BROKER

Nplus1 Singer Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

REGISTERED OFFICE*

1st Floor Senator House
85 Queen Victoria Street
London
EC4V 4AB

SOLICITORS TO THE COMPANY

Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

ADMINISTRATOR AND COMPANY SECRETARY

PraxisIFM Fund Services (UK) Limited
1st Floor, Senator House
85 Queen Victoria Street
London
EC4V 4AB

AIFM

International Fund Management Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 4NA

AUDITORS

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

REGISTRAR

Link Asset Services
Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

* Registered in England and Wales No. 11217952