

**Company Registration No. 11010044**

**CLI HOLDINGS LIMITED**

**Annual Report and Financial Statements**

**For the period from 12 October 2017 to 31 December 2018**

**CLI Holdings Limited**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**CLI Holdings Limited**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Joint Corporate Services Limited (appointed 12 October 2017)  
TMF Corporate Directors Limited (appointed 12 October 2017)  
Nita Savjani (appointed 12 October 2017)

**SECRETARY**

TMF Corporate Administration Services Limited (appointed 12 October 2017)

**REGISTERED OFFICE**

5<sup>th</sup> Floor,  
6 St. Andrew Street,  
London  
United Kingdom  
EC4A 3AE

**INDEPENDENT AUDITOR'S**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London  
SE1 2RT

**CASH MANAGER**

TMF Global Services (UK) Limited  
5<sup>th</sup> Floor,  
6 St. Andrew Street,  
London  
EC4A 3AE

## **CLI Holdings Limited**

### **Strategic Report**

#### **For the period from 12 October 2017 to 31 December 2018**

The directors present their strategic report of CLI Holdings Limited ("the Company"), together with the audited financial statements and auditors' report for the period ended 31 December 2018.

#### **REVIEW OF THE BUSINESS**

The Company was incorporated in England and Wales on 12 October 2017, as a limited company under company number 11010044.

The main purpose of the Company is to be a member of Cairn Loan Investments LLP ("CLI"). CLI was established to provide collateral management services to offshore Collateralised Loan Obligation ("CLO") vehicles and invest in the most junior tranche of notes that are issued by these vehicles. The Company issued listed notes in exchange for partnership interests in CLI. On 11 September 2018 the company started trading when it was appointed as a non-designated member of Cairn Loan Investments LLP.

TMF Trustee Limited as the share trustee of the Company is a controller of the Company in accordance with the definition used by the Financial Conduct Authority ("FCA")/Prudential Regulation Authority ("PRA"). A notification was submitted to the FCA as the Company entered into a Deed of Adherence in relation to the Cairn Loan Investments LLP partnership agreement.

#### **RESULT**

The Company made a profit before tax and other comprehensive profit for the period of €250 as per the securitisation agreement.

#### **KEY PERFORMANCE INDICATORS**

The main performance indicator is the extent to which the Company can service payments of interest and principal on the Notes from receipt of funds from CLI pursuant to the performance of the underlying CLO investments.

#### **FINANCIAL RISK MANAGEMENT**

The Company has established a Risk and Financial Framework where its primary role is to protect the company from events that hinder the achievements of the company's performance. The Company is a securitisation company which has been structured so as to avoid, as far as possible, significant financial risk. Further details regarding financial risk factors and exposure of the Company to capital risk, credit risk, interest rate risk, foreign currency risk and liquidity risk are discussed below.

##### **Capital risk**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement.

##### **Credit risk**

Credit risk reflects the risk that the underlying borrowers or other transaction parties may not meet their obligations as they fall due.

The Company mitigates credit risk by matching the principal amount and interest due from its investment in CLI with the Notes it has issued to investors. The value of CLI depends on the value of the underlying CLOs that CLI holds. These investments are carried at fair value based on discounted cash flow models using market derived inputs. Any change in the value of the underlying investment in CLI has an equal and opposite impact on the value of the senior loan notes that the Company has issued to investors. As the interest receivable on the Investment equals the interest payment obligation on the Notes and given the limited recourse nature of the Notes the Company's credit risk is mitigated.

Cash is deposited at major UK financial institutions only.

## **CLI Holdings Limited**

### **Strategic Report (continued)**

**For the period from 12 October 2017 to 31 December 2018**

#### **Foreign currency risk**

The Company's assets and liabilities are denominated in Euros. The Company does incur some administrative costs in Sterling and is therefore operationally exposed to fluctuations in the respective exchange rates. Management does not feel it is necessary to hedge against this risk by entering into exchange rate contracts as this is not seen as a significant risk.

#### **Interest rate risk**

Interest rate risk exists where assets and liabilities have interest rates set under a different basis or which reset at different times. The Company's exposure to interest rate risk is limited as the interest rate characteristics of its assets and liabilities are similar.

#### **Liquidity risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. In the management of liquidity risk, the Company monitors and maintains a level of cash at bank and in hand deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuations in cash flows. Management of liquidity risk is achieved by monitoring actual and forecasted cash flows. Since the payment and receipt of interest on the Notes and investment in CLI respectively are matched there is limited liquidity risk.

#### **GOING CONCERN**

The financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future and for at least twelve months from the date of approval of these financial statements. The directors believe this basis to be appropriate.

#### **POST BALANCE SHEET EVENTS**

No significant event has taken place after the reporting period.



Andrew Wallace for and on behalf of

**TMF Corporate Director Limited**

Director

10<sup>th</sup> July 2019

**CLI Holdings Limited  
Directors' Report**

**For the period from 12 October 2017 to 31 December 2018**

The directors present their report on the affairs of the Company for the period ended 31 December 2018.

**DIVIDENDS**

The directors do not recommend the payment of a dividend for the period ended 31<sup>st</sup> December 2018.

**PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

The Company's principal activity is that of investing in Cairn Loan Investments LLP. On 11 September 2018 the Company was appointed as a non-designated member of Cairn Loan Investments LLP. The Directors do not anticipate any further future developments or changes to the principal activities of the Company.

**DIRECTORS**

The directors of the Company who were in office during the period and up to the date of signing of the financial statements were as follows:

Joint Corporate Services Limited (appointed 12 October 2017)  
TMF Corporate Directors Limited (appointed 12 October 2017)  
Nita Savjani (appointed 12 October 2017)

**SECRETARY**

TMF Corporate Administration Services Limited appointed as secretary on 12 October 2017.

**EMPLOYEES**

The Company has no employees. Joint Corporate Services Limited provides corporate management services to the Company.

**QUALIFYING THIRD-PARTY INDEMNITY PROVISION**

As permitted in the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. TMF Global Services (UK) Limited has also purchased and maintained throughout the financial year, Directors' liability insurance in respect of the Directors.

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP ("PwC") were appointed auditors during the period. A resolution to approve this appointment and to re-appoint PwC will be proposed at the next meeting of the board.

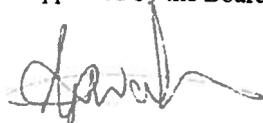
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that he/she ought to have taken as director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act of 2006.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

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



Andrew Wallace for and on behalf of

**TMF Corporate Director Limited**

Director

10<sup>th</sup> July 2019

## **Directors' Responsibilities Statement**

**For the period from 12 October 2017 to 31 December 2018**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS102") and applicable law.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

# ***Independent auditors' report to the members of CLI Holdings Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, CLI Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the period from 12 October 2017 to 31 December 2018 (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period 12 October 2017 to 31 December 2018 then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Our audit approach**

#### **Overview**



- Overall materiality: €1.3 million (2017: No prior year), based on 1% of Total Assets.
  - As CLI Holdings Limited's main purpose is to be a member of Cairn Loan Investments LLP, our audit procedures focused on the valuation of investments.
  - Valuation of Investments.
- 

### **The scope of our audit**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<b>Valuation of Investments</b> CLI Holding Limited's only investment is as a member of Cairn Loan Investments LLP. Holding this investment is the main purpose of CLI Holdings Limited and therefore it has been deemed a key audit matter. Refer Note 3 and Note 9 in the financial statements.	We obtained an understanding of management's process for valuing the investment in Cairn Loan Investments LLP ('CLI'). We reviewed and considered the appropriateness of the valuation methodology for the investment as at 31 December 2018. We re-performed the calculation and agreed the inputs to evidence including the audited 31 December 2018 financial statements for CLI. We also evaluated the audit opinion and assessed the accounting policies of CLI to ensure we could place reliance on the CLI financial statements.  Based on the procedures performed, we found no material misstatements.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We focused on the valuation of the company's investment in Cairn Loan Investments LLP. The valuation is calculated by taking the company's share of the underlying assets from the audited financial statements of Cairn Loan Investments LLP.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	€1.3 million (2017: No prior year).
<b>How we determined it</b>	1% of Total Assets.
<b>Rationale for benchmark applied</b>	The main purpose of CLI Holdings Limited is to be a member of Cairn Loan Investments LLP. The corresponding listed debt is purely to finance the investment in Cairn Loan Investments LLP. Therefore we believe the total assets benchmark is an appropriate measure as it is based on the investments.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €65,000 (2017: No prior year) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the

European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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## **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 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; or

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*Sarah Chandler*

Sarah Chandler (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
10 July 2019

**CLI Holdings Limited**

**Statement of Comprehensive Income**

**For the period 12 October 2017 to 31 December 2018**

	Note	2018 €
<b>Investment and Interest Income</b>	5	5,144,035
Interest expense	6	(5,055,274)
<b>Gross profit</b>		<hr/> 88,761
Administrative expenses	7	(87,679)
<b>Operating profit</b>		<hr/> 1,082
Bank charges and other expenses		(832)
<b>Profit before taxation</b>		<hr/> 250
Income tax expense	8	(48)
<b>Profit for the period</b>		<hr/> 202
<b>Other comprehensive income</b>		<hr/> -
<b>Total comprehensive income for the period attributable to equity holders</b>		<hr/> <hr/> 202

All activities are classed as continuing.

The notes on pages 14 to 18 form an integral part of these financial statements.

# CLI Holdings Limited

## Statement of Financial Position

At 31 December 2018

	Notes	31 December 2018 €
<b>FIXED ASSETS</b>		
Investments	9	131,334,322
<b>CURRENT ASSETS</b>		
Debtors	10	1,139,153
Cash at bank and in hand		10,895
<b>TOTAL ASSETS</b>		<u>132,484,370</u>
<b>LIABILITIES</b>		
<u>CREDITORS: amounts falling due within one year</u>		
Amount owed to Group undertakings		32,510
Interest payable on senior loan notes		1,092,090
Accruals and deferred income		25,197
Corporation tax		48
		<u>1,149,845</u>
<u>CREDITORS: amounts falling due after more than one year</u>		
Senior Notes issued	11	131,334,322
<b>TOTAL LIABILITIES</b>		<u>132,484,167</u>
<b>EQUITY</b>		
Called up share capital	12	1
Retained earnings		202
<b>Total Equity</b>		<u>203</u>
<b>Total Equity and Liabilities</b>		<u>132,484,370</u>

The notes on pages 14 to 18 form an integral part of these financial statements.

The financial statements on pages 10 to 18 were approved by the Board of Directors on 10th July 2019 and signed on their behalf by



Andrew Wallace for and on behalf of

**TMF Corporate Director Limited**

Director

Company Registration 11010044

**CLI Holdings Limited**

**Statement of Changes in Equity**

**For the period from 12 October 2017 to 31 December 2018**

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>€</b>	<b>€</b>	<b>€</b>
<b>Called up share capital issued on 12 October 2017</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>Profit for the period</b>	<b>-</b>	<b>202</b>	<b>202</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2018</b>	<b><u>1</u></b>	<b><u>202</u></b>	<b><u>203</u></b>

# CLI Holdings Limited

## Statement of Cash Flows

For the period from 12 October 2017 to 31 December 2018

	2018
	€
<b>Cash flows from operating activities</b>	
Profit before tax for the period	250
<i>Adjustments for:</i>	
Increase in trade and other receivables	(1,139,153)
Increase in trade and other payables	<u>1,149,797</u>
<b>Net cash flow generated from operating activities</b>	<b>10,894</b>
 <b>Investing activities</b>	
Payments to acquire investments	<u>(136,246,529)</u>
<b>Net cash used in investing activities</b>	<b>(136,246,529)</b>
 <b>Financing activities</b>	
Proceeds from Notes issued	136,246,529
Issue of Share capital	<u>1</u>
<b>Net cash from financing activities</b>	<b>136,246,530</b>
 Net increase in cash at bank and in hand	<b>10,895</b>
Cash at bank and in hand at the beginning of the period	<u>-</u>
<b>Cash at bank and in hand at 31 December</b>	<b><u>10,895</u></b>

## **CLI Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the period from 12 October 2017 to 31 December 2018**

#### **1. GENERAL INFORMATION**

The Company is a member of CLI and is a private company limited by shares and incorporated and domiciled in England. The Company has an office in the UK with a registered address of 5<sup>th</sup> Floor, 6 St. Andrew Street, London EC4A 3AE.

#### **2. STATEMENT OF COMPLIANCE**

The financial statements of CLI Holdings Limited have been prepared in compliance with United Kingdom Generally Accepted Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period.

##### **Basis of preparation**

The Company's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Standards, including the Financial Reporting Standard 102 as issued by the Financial Reporting Council.

The functional currency of the Company is Euros and the financial statements are also presented in Euros. The financial statements have been prepared on a going concern basis, under the historical cost basis except for the modification of certain financial assets and liabilities measured at fair value through profit or loss as specified in the accounting policies below.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The items in the financial statements where these judgements and estimates have been made include:

Fair value of investment (note 9); the carrying value of this investment at 31 December 2018 was €131,334,322.

##### **Basis of consolidation**

Under FRS 102 control is established when the Company has the power to govern the operating and financial policies of an entity. Whilst the Company owns 99.28% of CLI, given the nature of the structure the Company is not deemed to control CLI and as such CLI is not consolidated.

##### **Going concern**

The financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future and for at least twelve months from the date of approval of these financial statements. The directors believe this basis to be appropriate.

##### **Investments**

The investment held by the Company in CLI is carried at fair value with any change in value going through the Company's profit and loss account.

##### **Senior Notes issued**

As the distributions that noteholders receive are based on income received by the Company, the notes are required to be carried at fair value. The fair value of the notes is based on the value of the Company's investment in CLI with any change in value going through the Company's profit and loss account.

## **CLI Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 12 October 2017 to 31 December 2018**

#### **Basic financial instruments - Financial assets/liabilities**

##### **Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### **Cash at bank and in hand**

Cash at bank and in hand comprise cash balances and call deposits.

##### **Investment and Interest income**

This represents income from investments in the period and is accounted for on an accruals basis. The fair value movement of the investment in CLI is recorded under Investment and Interest income. Turnover is derived from the United Kingdom.

##### **Interest expense**

This represents interest payable on notes issued in the period and is accounted for on an accruals basis. The fair value movement on senior loan notes is recorded under interest expense.

##### **Taxation**

Current tax, including United Kingdom corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or profit expected to arise on sale has been recognised in the financial statements.

#### **4. DIRECTORS AND EMPLOYEES**

None of the directors received any emoluments for their services to the Company during the current period.

None of the directors had any interests in the Company at the end of the period.

None of the directors had any material interest in any contract of significance in relation to the business of the Company in the current period.

The Company does not have any employees.

**CLI Holdings Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 12 October 2017 to 31 December 2018**

**5. INVESTMENT AND INTEREST INCOME**

	<b>2018</b>
	<b>€</b>
Investment income	8,915,446
Interest income	1,140,796
Fair value movement on investment in CLI	(4,912,207)
	<hr/>
	5,144,035
	<hr/> <hr/>

**6. INTEREST EXPENSE**

	<b>2018</b>
	<b>€</b>
Interest on senior loan notes	9,967,481
Fair value movement on senior loan notes	(4,912,207)
	<hr/>
	5,055,274
	<hr/> <hr/>

**7. ADMINISTRATIVE EXPENSES**

Operating profit is stated after charging:

	<b>2018</b>
	<b>€</b>
Legal fee	32,510
Trustee fee	6,508
CSA and Accountancy fee	23,465
Cash manager fee	1,226
Audit fees payable to the Company's auditors	20,068
Tax compliance fee	3,902
	<hr/>
	87,679
	<hr/> <hr/>

**8. INCOME TAX EXPENSE**

	<b>2018</b>
	<b>€</b>
The tax charge comprises:	
Current period	48
	<hr/>

**Factors affecting tax charge:**

The difference between total current tax shown on the face of the Profit and Loss Account and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

**CLI Holdings Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 12 October 2017 to 31 December 2018**

	<b>2018</b>
	<b>€</b>
Profit before taxation	250
Corporation tax at 19%	48
Charge for the period	48

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

**9. INVESTMENTS**

	<b>2018</b>
	<b>€</b>
Investment in CLI	136,246,529
Movement during the period	(4,912,207)
Fair value at the end of the period	131,334,322

**10. DEBTORS**

	<b>2018</b>
	<b>€</b>
Interest receivable	340,454
Profit receivable from investment	782,912
Prepayments and accrued income	15,787
	1,139,153

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2018</b>
	<b>€</b>
Senior loan notes	136,246,529
Movement during the period	(4,912,207)
Fair value at the end of the period	131,334,322

**12. CALLED UP SHARE CAPITAL**

	<b>2018</b>
Called up, allotted and fully paid 1 ordinary share of €1	€1

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

## CLI Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period from 12 October 2017 to 31 December 2018

#### 13. RELATED PARTIES TRANSACTIONS

The Company has identified the following transactions which are required to be disclosed under the terms of FRS 102, section 33 Related party disclosure.

The Company is a special-purpose entity controlled by its Board of Directors, which comprises of three directors: TMF Corporate Directors Limited, Joint Corporate Services Limited and Nita Savjani. During the period no remuneration was paid or was payable at period end by the Company to the directors. However, Nita Savjani is an employee and Joint Corporate Services Limited and TMF Corporate Directors Limited are subsidiaries of TMF Global Services (UK) Limited, which provides corporate services to the Company.

During the period the Company paid TMF Global Services (UK) Limited £26,297 for accounting and PSV services.

In return for their member interests' in CLI, the Company issued nominal senior loan notes to the following:

Related party	Nominal value of senior loan notes issued	Value of senior loan notes at 31 December 2018
Kneiff Tower S.a.r.l.- Gold Compartment	€65,245,158	€62,296,345
Mediobanca SpA	€30,067,846	€28,708,904
Yuhaviatam LLC	€42,238,060	€40,329,073

During the period the Company accrued €8,915,446 of investment income and €1,140,796 of interest income from CLI. As at 31 December 2018 the amounts still due to be paid by CLI were €782,912 and €340,454 respectively.

As at 31 December 2018 the Company owed CLI €32,510 in relation to expenses paid by CLI which were subsequently recharged to the Company.

During the period the Company accrued the following amounts in relation to interest payable to noteholders:

- Kneiff Tower S.a.r.l.- Gold Coast Compartment - total accrued €4,725,034 (still be paid at 31 December 2018 - €518,016)
- Mediobanca SpA – total accrued €2,178,600 (still be paid at 31 December 2018 - €238,724)
- Yuhaviatam LLC - total accrued €3,063,847 (still be paid at 31 December 2018 - €335,350)

The Company owns 99.28% of the members' capital of Cairn Loan Investments LLP. Cairn Loan Investments LLP's registered address is 27 Knightsbridge, London SW1X 7LY.

#### 14. ULTIMATE CONTROLLING PARTY

The entire share capital of the Company is held by TMF Trustee Limited on a discretionary trust basis for the benefit of certain charities. TMF Trustee Limited is the registered shareholder of the Company. The issued share is held in trust by TMF Trustee Limited. TMF Trustee Limited has appointed the Board of Directors to oversee the day-to-day activities of the Company. TMF Trustee Limited is the ultimate controlling party of the Company.

#### 15. POST BALANCE SHEET EVENTS

No significant event has taken place after the reporting period.

#### 16. COMPARATIVE PERIOD

The Company was incorporated on 12 October 2017 but did not start trading until September 2018 and as such has opted to prepare an extended first period financial statements for the Company. So, no comparatives are disclosed.