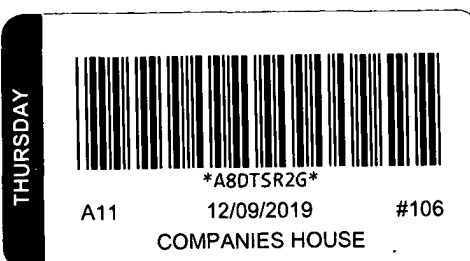


WHITE OAK EUROPE, LTD
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018
Registered number 10168397



WHITE OAK EUROPE, LTD

COMPANY INFORMATION

As of and for the year ended December 31, 2018

Directors

Barbara McKee (appointed May 7, 2016,
resigned April 5, 2018)
Andre Hakkak (appointed May 7, 2016)
Thomas Otte (appointed May 7, 2016)
Darius Mozaffarian (appointed April 5, 2018)

Independent Auditor

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
United Kingdom
M3 3HF

Registered number

10168397

Registered office

C/O Buzzacott LLP
130 Wood Street
London
United Kingdom
EC2V 6DL

Administrator

Citco Fund Administration (Cayman Islands)
Limited
2nd Floor, 89 Nexus Way
Camana Bay
P.O. Box 31106
Grand Cayman, KY1-1205
Cayman Islands

Banker

Bank of America
2 King Edward Street
London
United Kingdom
EC1A 1HQ

WHITE OAK EUROPE, LTD

TABLE OF CONTENTS

As of and for the year ended December 31, 2018

Group Strategic Report	3-6
Directors' Report	7-8
Independent Auditors' Report	9-11
Financial Statements	
Consolidated Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Company Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Financial Statements	18-41

WHITE OAK EUROPE, LTD

GROUP STRATEGIC REPORT

As of and for the year ended December 31, 2018

Introduction

The Directors are pleased to present their report and audited financial statements of White Oak Europe, Ltd (the "Company") for the year ended December 31, 2018. On June 30, 2018, LDF Group Holdco Limited was acquired by White Oak Europe Acquisition Limited, a company registered in England and Wales, which is 100% owned by the Company.

Principal Activity

The principal activity of the Company is that of a holding company for investments in a group of companies engaged in the provision and supply of funding to corporate counterparties in the UK SME market. The Company is non-trading and acts only to hold the investment in its wholly owned subsidiary White Oak Europe Acquisition Limited.

Our mission is to help UK SME's get the finance they need to grow their businesses by providing exceptional service with the minimum amount of fuss, while maintaining the highest levels of regulatory compliance.

Business Review

The Company was dormant in FY17. The Company started its operations in FY18 by acquiring LDF Group Holdco Limited. The Group's key financial information during the year was as follows:

	<u>Year ended</u> <u>December 2018</u>	<u>Year ended</u> <u>December 2017</u>
	£	£
Turnover	24,722,716	—
Operating profit	4,107,791	—
Profit before tax prior to interest payable to shareholder	4,112,051	—
Total comprehensive income prior to interest payable to shareholder	2,294,484	—

The Directors are very pleased with the performance of the Group. Turnover of LDF Group Holdco Limited has increased year on year by 27% with operating profit reporting a 40% growth year on year. This increase in operating profit has been driven by strong new business origination, a stable cost base and an increasing proportion of the business it originates being written on its own book.

WHITE OAK EUROPE, LTD

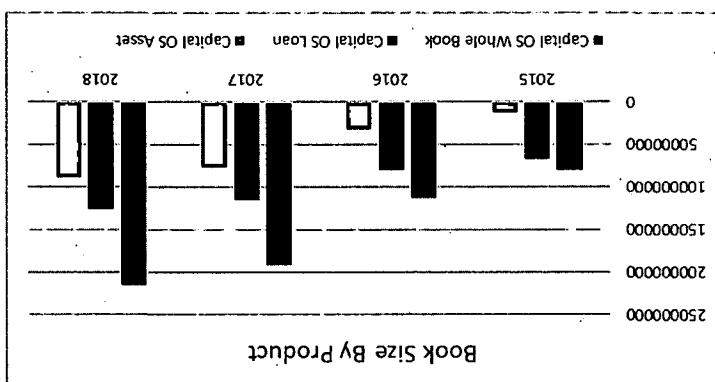
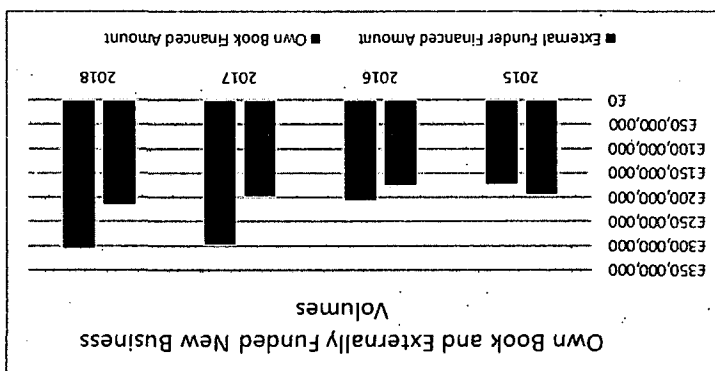
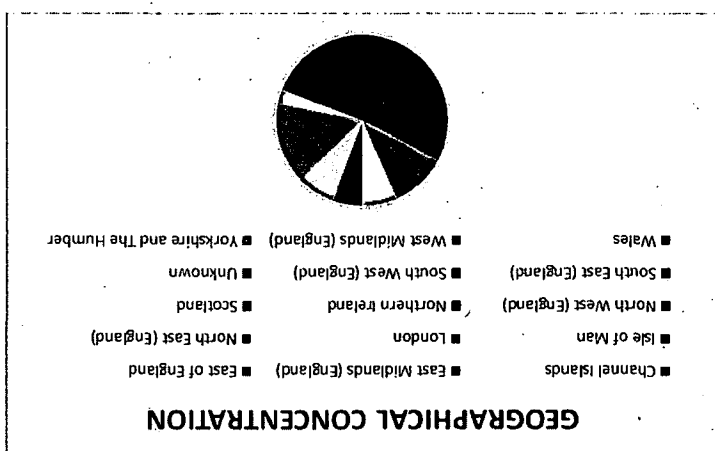
GROUP STRATEGIC REPORT

As of and for the year ended December 31, 2018

The own book of LDF Group Holdco Limited continued to grow during 2018, the outstanding book balance as at December 18 being £216m (December 2017: £192m), an increase of 13%. Both loan and asset balances increased during the year.

During 2018 the Group continued to operate a hybrid model, originating new business on both its own book and brokering out transactions to other third party funders. Own book volumes of LDF Group Holdco Limited for 2018 were £304m (2017: £298m) and externally volumes were £216m (December 2017: £197m).

The Group continues to originate new business in all regions of the UK and does not rely on any one region for the majority of its origination volumes. Key regions for the Group, include London and the South East, the North West and Scotland.

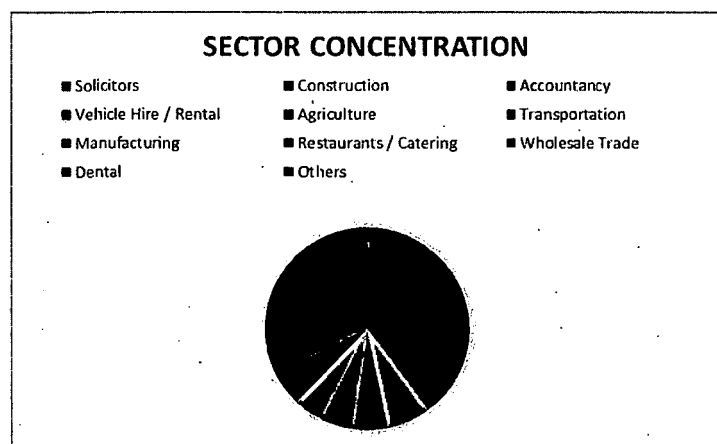


WHITE OAK EUROPE, LTD

GROUP STRATEGIC REPORT

As of and for the year ended December 31, 2018

The Group continues to originate business in all industry sectors providing both loan and asset finance. Key sectors include professional services with legal clients and accountancy clients comprising 30% and 7% respectively of new business origination and construction, vehicle hire and agriculture equating to 10%, 5% and 5% respectively. Other sectors outside of the top 10 total 28% of the Group's origination.



During the year the Group has been recognised at various industry award ceremonies, the Group is very proud of these awards. The key ones to note in 2018 being:

Credit Awards 2018 – Marketing Campaign of the Year

Leasing Life Young Professional of the Year – 3rd consecutive year the Group has won this award

Leasing World Next Generation Award

The Group continues to work closely with its funding partners to increase both the level and flexibility of funding on its own book. As at December 2018 the Group had £241m of funding facilities that were drawn to £171m. At the time of writing the Group had successfully extended its Citi Bank facility until February 2021, its British Business Bank facility to March 2020 and its Aldermore facility to January 2020. The Group has sufficient headroom within its funding facilities to grow its own book in line with its financial projections.

The Directors anticipate new business volumes to continue to grow in 2019 and beyond as a result of the developments and investments it has made in 2018.

On June 23, 2016, the UK voted to exit the European Union. The Brexit date is still undecided. It is difficult to determine any financial impact at this stage but the Company expects this to be minimal.

Future Developments

The Directors believe the outlook for the Company and the Group is positive and with increased investment, the Group plans to develop and grow their position within the market.

WHITE OAK EUROPE, LTD

GROUP STRATEGIC REPORT

As of and for the year ended December 31, 2018

Principal Risks and Uncertainties

The Group faces credit, liquidity, financing, interest rate, regulatory and reputational risk in the course of its normal business activities. The Board of Directors of the Company meet quarterly to discuss the detailed management accounts which highlight performance to budget, key performance indicators and monthly reports from the heads of department.

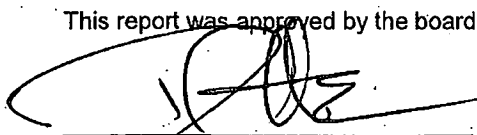
The Directors are happy with the financial performance of the Group to date and look forward to growing the business further and the challenges that lie ahead.

Going Concern

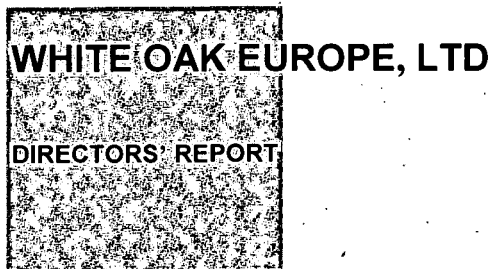
The financial statements have been prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources including support from its shareholders to continue in business for the foreseeable future. In making this decision the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections on profitability, cash flows and capital resources.

The Group's forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for at least 12 months following the year end, including a range of stressed scenarios, the availability of alternative sources of capital if required and appropriate management actions.

This report was approved by the board on August 1, 2019 and signed on its behalf.



Thomas Otte
Director



As of and for the year ended December 31, 2018

Directors' Report

The Directors present their report and the financial statements for the year ended December 31, 2018.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

An analysis of likely future developments in the business and use of financial instruments is given in the Strategic Report.

WHITE OAK EUROPE, LTD

DIRECTORS' REPORT

As of and for the year ended December 31, 2018

Directors' Report (continued)

Directors

The Directors who served during the year and up to the date of this report were:

A Hakkak

T Otte

D Mozaffarian

B McKee (resigned April 5, 2018)

Results and Dividends

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 12. No dividends were distributed or proposed for the year ended December 31, 2018 (2017: £Nil).

Disclosure of information to auditor

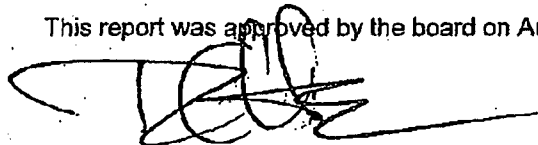
Each of the persons who are Directors at the time when this Directors Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditors

Deloitte LLP was appointed as the Company and Group's auditor for the year ended December 31, 2018. Deloitte LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on August 1, 2019 and signed on its behalf.



Thomas Otte
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE OAK EUROPE, LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at December 31, 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of White Oak Europe, Ltd (the 'Parent Company') and its subsidiaries (the 'Group') which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and Parent Company statement of financial position;
- the consolidated and Parent Company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Group and the Parent 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, 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in 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 Group's or the Parent 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 these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE OAK EUROPE, LTD (continued)

Report on the audit of the financial statements (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 Group's and the Parent 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 Group or the Parent 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE OAK EUROPE, LTD (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us;
- the Parent Company financial statements are not in agreement with the accounting records and returns;
- 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.

We have nothing to report in respect of these matters.

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.



David Heaton (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

August 2, 2019

WHITE OAK EUROPE, LTD

Registered number 10168397

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended December 31, 2018**

	Note	2018 £	2017 £
Turnover	3	24,722,716	—
Gross profit		<u>24,722,716</u>	<u>—</u>
Administrative expenses		(20,637,686)	—
Other operating income	4	22,761	—
Operating profit	5	<u>4,107,791</u>	<u>—</u>
Interest payable and similar expense	9	(15,844,224)	—
Fair value change on derivative	10	9,623,183	—
Loss before tax		<u>(2,113,250)</u>	<u>—</u>
Tax on loss on ordinary activities	11	(1,817,567)	—
Loss for the year		<u>(3,930,817)</u>	<u>—</u>
Other comprehensive income for the year		—	—
Profit and loss account		<u>(3,930,817)</u>	<u>—</u>
Total comprehensive loss for the financial year attributable to:			
Owners of the Parent Company		(3,930,817)	—
		<u>(3,930,817)</u>	<u>—</u>

All of the loss for the financial year is attributable to the controlling interest of the Company and is derived from continuing operations.

The notes on pages 18 to 41 form part of these financial statements.

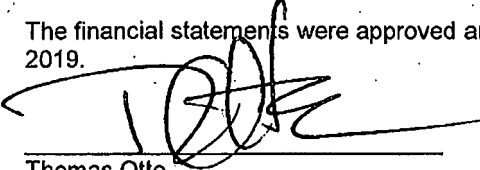
WHITE OAK EUROPE, LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	95,403,980	—
Tangible assets	13	788,104	—
Investment in derivative, at fair value	10	9,623,183	—
		<u>105,815,267</u>	<u>—</u>
Current assets			
Debtors: Amounts falling due within one year	15	126,073,878	—
Cash at bank and in hand	16	22,306,670	1
		<u>148,380,548</u>	<u>1</u>
Creditors: Amounts falling due within one year	18	(28,874,891)	—
Net current assets		<u>119,505,657</u>	<u>1</u>
Debtors: Amounts falling due after more than one year	15	86,784,008	—
Total assets less current liabilities		<u>312,104,932</u>	<u>1</u>
Creditors: Amounts falling due after more than one year	19	292,998,992	—
Capital and reserves			
Called up share capital	27	1	1
Share premium	27	23,036,756	—
Profit and loss account		(3,930,817)	—
		<u>312,104,932</u>	<u>1</u>

The financial statements were approved and authorised by the board and were signed on its behalf on August 1, 2019.


Thomas Otte
Director

The notes on pages 18 to 41 form part of these financial statements.

WHITE OAK EUROPE, LTD

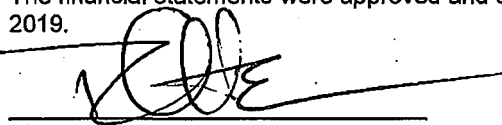
COMPANY STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	14	151,060,131	—
Investment in derivative, at fair value	10	9,623,183	—
		<u>160,683,314</u>	<u>—</u>
Current assets			
Debtors: amounts falling due within one year	15	26,630	—
Cash at bank and in hand	16	2,513,479	1
		<u>2,540,109</u>	<u>1</u>
Creditors: amounts falling due within one year	18	(6,279,526)	—
Net current assets		<u>(3,739,417)</u>	<u>1</u>
Debtors: Amount falling due after more than one year	15	—	—
Total assets less current liabilities		<u>156,943,897</u>	<u>1</u>
Creditors: Amounts falling due after more than one year	19	137,088,074	—
Capital and reserves			
Called up share capital	27	1	1
Share premium	27	23,036,756	—
Profit and loss account		(3,180,934)	—
		<u>156,943,897</u>	<u>1</u>

The Company made a loss of £3,180,934 for the year ended December 31, 2018.

The financial statements were approved and authorised by the board and were signed on its behalf on August 1, 2019.


Thomas Otte
Director

The notes on pages 18 to 41 form part of these financial statements.

WHITE OAK EUROPE, LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

	Note	Called-Up Share Capital £	Share Premium	Profit and Loss Account £	Total Capital and Reserves £
Balance at January 1, 2018		1	–	–	1
Total comprehensive loss for the year		–	–	(3,930,817)	(3,930,817)
Proceed from shares issued	27	–	23,036,756	–	23,036,756
Balance at December 31, 2018		<u>1</u>	<u>23,036,756</u>	<u>(3,930,817)</u>	<u>19,105,940</u>

	Note	Called-Up Share Capital £	Share Premium	Profit and Loss Account £	Total Capital and Reserves £
Balance at January 1, 2017		–	–	–	–
Total comprehensive income for the year		–	–	–	–
Proceed from shares issued	27	1	–	–	1
Balance at December 31, 2017		<u>1</u>	<u>–</u>	<u>–</u>	<u>1</u>

The notes on pages 18 to 41 form part of these financial statements.

WHITE OAK EUROPE, LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018

	Note	<u>Called-Up Share Capital</u> £	<u>Share Premium</u>	<u>Profit and Loss Account</u> £	<u>Total Capital and Reserves</u> £
Balance at January 1, 2018		1	—	—	1
Total comprehensive loss for the year		—	—	(3,180,934)	(3,180,934)
Proceed from shares issued	27	—	23,036,756	—	23,036,756
Balance at December 31, 2018		<u>1</u>	<u>23,036,756</u>	<u>(3,180,934)</u>	<u>19,855,823</u>
		<u>£</u>		<u>£</u>	<u>£</u>
Balance at January 1, 2017		—	—	—	—
Total comprehensive income for the year		—	—	—	—
Proceed from shares issued	27	1	—	—	1
Balance at December 31, 2017		<u>1</u>	<u>—</u>	<u>—</u>	<u>1</u>

The notes on pages 18 to 41 form part of these financial statements.

WHITE OAK EUROPE, LTD**CONSOLIDATED STATEMENT OF CASH FLOWS****For the year ended December 31, 2018**

	2018	2017
	£	£
Cash flows from operating activities		
Loss for the year	(3,930,817)	—
Adjustments for:		
Amortisation and impairment of intangible assets	5,265,685	—
Depreciation of tangible assets	243,817	—
Profit on disposal of tangible assets	(93)	—
Fair value change on derivative	(9,623,183)	—
Interest paid	15,844,224	—
Interest received	(1)	—
Taxation	1,817,567	—
Decrease in debtors	9,445,720	—
Decrease in stocks	144	—
Decrease in creditors	(2,289,105)	—
Corporation tax	(866,032)	—
Net cash provided by operating activities	15,907,926	—
Cash flows from investing activities		
Proceeds on disposal of fixed assets	319	—
Purchase of tangible fixed assets	(183,537)	—
Purchase of intangible fixed assets	(493,954)	—
Cash paid to acquire LDF Group Holdco Limited	(144,774,870)	—
Net cash acquired of LDF Group Holdco Limited	25,728,048	—
Net cash used in investing activities	(119,723,994)	—
Cash flows from financing activities		
Issue of ordinary shares	23,036,756	1
Increase in other new loans	106,158,448	—
Interest paid	(3,072,467)	—
Net cash provided by financing activities	126,122,737	1
Cash and cash equivalents at the start of year	1	—
Cash and cash equivalents at the end of year	22,306,670	1
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	22,306,670	1

The notes on pages 18 to 41 form part of these financial statements.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. Accounting policies

1.1 General information and basis of preparation of financial statements

White Oak Europe, Ltd (the “Company” or the “Parent Company”) is a private company limited by shares, incorporated under the laws of England and Wales. The address of the registered office is given on page 1.

The Parent Company owns 100% of the shares of White Oak Europe Acquisition Ltd. (the “Acquisition Company”). The Acquisition Company owns 100% of the shares of LDF Group Holdco Limited. Through the Parent Company’s investment in the Acquisition Company, the Parent Company has indirect ownership interest in LDF Group Holdco Limited. The Parent Company consolidates the financial statements of LDF Group Holdco Limited and all its subsidiary (collectively the “Group”) undertakings drawn up to December 31 each year.

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

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences are taken to the income statement.

The financial statements are prepared in accordance with applicable law and United Kingdom (“UK”) accounting standards. The principle accounting policies are summarised below. All accounting policies have been consistently applied throughout the year.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and Companies Act 2006.

The Parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The Parent Company’s retained loss for the year was £3,180,934 (2017: £Nil).

The financial year of the Company runs from January 1 to December 31.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the Directors are satisfied that the Group has adequate resources including support from its shareholders to continue in business for the foreseeable future. In making this decision the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, future projections on profitability, cash flows and capital resources.

The Group’s forecasts and projections show that it will be able to operate at adequate levels of both liquidity and capital for at least 12 months following the year end, including a range of stressed scenarios, the availability of alternative sources of capital if required and appropriate management actions.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. Accounting policies (continued)

1.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired business plus costs directly attributable to the business combination.

An excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the Consolidated Statement of Financial Position immediately below intangible assets.

1.4 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including special entities) controlled by the Group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Following the Financial Reporting Council (FRC) triennial review of FRS 102, the Company has early adopted the amendments to FRS 102 effective for accounting periods beginning on or after January 1, 2019 in respect of the separation of intangible assets from goodwill in a business combination. As a result, the Company has not separately recognised intangible assets acquired from goodwill in respect of these financial statements.

1.5 Revenue

Revenue is recognised for services and charges to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The Group earns its income from two principal sources:

Broking Income

The Group earns commission for its broking activities, commission income is recognised when invoiced.

Interest Income

The Group earns margin income from its lending activities, this income is recognised at an effective interest rate that factors in all associated cash flows.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

1. Accounting policies (continued)

1.6 Intangible assets

An intangible asset is identifiable non-monetary asset without physical substance. Such an asset is identifiable when:

- a) it is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- b) it arises from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

- Brand – Trade names add value to a business because they enable customers to easily identify with that business and its products or services. A recognised name within its market can generate widespread and consistent demand for the firm's products and services leading to greater sales.
- Technology – Market leading technology and know-how can create a competitive advantage and a technological edge that will drive greater sales or efficiencies and is therefore deemed to be of commercial value.
- Customer Contracts – Customer relationships add value for a business as they represent a stable and recurring source of income for the business.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

1. Accounting policies (continued)

1.6 Intangible assets (continued)

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Customer Contracts	5 years
Brand	5 years
Technology	5 years
Software Development Cost	3-5 years
Goodwill	10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of the non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles – 25%
Fixture and fittings – 15%
Computer equipment – 20% - 33.33%

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.8 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared, with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined.

If an impairment loss have been recognised for the asset in prior years a reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loan receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.11 Leasing

Assets obtained under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. Accounting policies (continued)

1.11 Leasing (continued)

When acting as a lessor the advance is shown within debtors net of future finance charges. This is split between debt due within and over one year.

1.12 Financial instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are repayable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income. Please refer to note 2 for the discussion of the Group's assessment whether there is an objective evidence of impairment.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The derivative instruments utilised by the Group are interest rate caps and forward foreign currency contracts. Such instruments are used for hedging purposed to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policy. Derivative financial instruments are classified as held for trading and recorded at fair value, with any gain or loss on re-measurement being recognised in the Statement of Comprehensive Income. The Group does enter into speculative derivative contracts. The Group does not apply hedge accounting. As allowed under FRS 102 section 11.2 the Group has elected to apply IAS 39 on the recognition and subsequent measurement of its derivative instruments.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. Accounting policies (continued)

1.13 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.15 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not be reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax recognised is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

1. Accounting policies (continued)

1.15 Taxation (continued)

Deferred tax liabilities are presented within Creditors and deferred tax assets within Debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

1.17 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

2. Critical accounting judgements and key sources of estimation in uncertainty

In the application of the Group's accounting policies the Directors are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements involved in applying the Group's accounting policies which affect the amounts recognised in the financial statements. The accounting estimates and assumptions which affect the reported amounts of assets and liabilities within the financial estimates are set out below.

Impairment of receivables

The main area in the financial statements where a judgement is made is in the impairment of its own book agreements. Receivables are written off when there is judged to be no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their estimated realisable values.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

2. Critical accounting judgements and key sources of estimation in uncertainty (continued)

Impairment of receivables (continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Group about the following loss events:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions; and
- initiation of bankruptcy proceedings.

The provisioning rates applied when a loan hits a loss event trigger are informed by historical experience and are deemed a key source of estimation uncertainty.

3. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Funding Activities - interest receivable	21,050,499	-
Broking Activities - commissions receivable	3,672,217	-
	<u>24,722,716</u>	<u>-</u>

All turnover arose within UK.

4. Other operating income

	2018 £	2017 £
Other income	22,638	-
Unrealised gain on foreign exchange	30	-
Profit on sale of fixed assets	93	-
	<u>22,761</u>	<u>-</u>

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	243,817	—
Impairment of intangible assets	—	—
Amortisation of intangible assets, including goodwill	5,265,685	—
	<u>5,509,502</u>	<u>—</u>

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor in respect of:		
Auditing of the financial statements of the Parent Company and consolidation	9,800	—
Auditing of the financial statements of the subsidiary companies	109,000	—
Taxation compliance services	5,000	—
	<u>123,800</u>	<u>—</u>

7. Employees

The Company has no employees. Staff costs of the Group, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	6,123,045	—
Social security costs	413,700	—
Cost of defined contribution scheme	236,382	—
	<u>6,773,127</u>	<u>—</u>

The average number of employees of the Group, including the Directors, during the year was as follows:

	2018 No.	2017 No.
Front office	104	—
Back office	115	—
	<u>219</u>	<u>—</u>

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

8. Directors' remuneration

	2018 £	2017 £
Directors salaries	663,400	—
Employers National Insurance	63,488	—
Defined contribution pension scheme	42,190	—
	<u>769,078</u>	<u>—</u>

During the year, retirement benefits were accruing to 7 Directors in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £151,073 including pension contributions of £9,420.

9. Interest payable and similar expense

	2018 £	2017 £
Other loan interest payable	15,844,224	—
	<u>15,844,224</u>	<u>—</u>

Interest expense includes foreign exchange loss of £6,546,457.

10. Investment in derivative, at fair value

	2018 Group and Company £	2017 Group and Company £
Fair value change on derivative	9,623,183	—
	<u>9,623,183</u>	<u>—</u>

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

11. Taxation

	2018 £	2017 £
Corporation tax		
UK corporation tax on profits for the year	1,569,737	—
Adjustments in respect of previous years	—	—
Total current tax	<u>1,569,737</u>	<u>—</u>
Deferred tax		
Origination and reversal of timing differences	247,830	—
Adjustments in respect of prior years	—	—
Effect of changes in tax rates	—	—
Other	—	—
Total deferred tax	<u>247,830</u>	<u>—</u>
Taxation on loss on ordinary shares	<u>1,817,567</u>	<u>—</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(3,930,817)	—
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(746,855)	—
Effects of:		
Adjustments from previous periods	—	—
Expenses not deductible for tax purposes	—	—
Effects of group relief/other relief	1,884,837	—
Tax rate changes	—	—
Income not taxable	—	—
Other differences leading to an increase in the tax	679,585	—
Total tax charge for the year	<u>1,817,567</u>	<u>—</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

12. Intangible assets

	Brand, Technology, Customer Contracts	Software Development	Goodwill	Total
	£	£	£	£
Cost				
At July 1, 2018	1,971,031	2,042,699	–	4,013,730
Additions	–	493,954	98,223,811	98,717,765
At December 31, 2018	1,971,031	2,536,653	98,223,811	102,731,495
Amortisation				
At July 1, 2018	1,470,358	591,472	–	2,061,830
Charge for the period	132,823	221,671	4,911,191	5,265,685
Impairment	–	–	–	–
At December 31, 2018	1,603,181	813,143	4,911,191	7,327,515
Net book value				
At December 31, 2018	367,850	1,723,510	93,312,620	95,403,980
At December 31, 2017	–	–	–	–

Software development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. These costs have been capitalised as the Group will derive an ongoing benefit from the software developed and used within the business.

The amortisation of intangible assets is included in administrative expenses in Consolidated Statement of Comprehensive Income.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

13. Tangible assets

	Motor Vehicles	Fixture and Fittings	Computer Equipment	Total
	£	£	£	£
Cost or valuation				
At July 1, 2018	538,967	369,929	1,217,237	2,126,133
Additions	43,684	54,152	85,701	183,537
Disposals	—	—	(650)	(650)
At December 31, 2018	582,651	424,081	1,302,288	2,309,020
Depreciation				
At July 1, 2018	236,949	199,769	840,805	1,277,523
Charge for the period	67,510	26,626	149,681	243,817
Disposals	—	—	(424)	(424)
At December 31, 2018	304,459	226,395	990,062	1,520,916
Net book value				
At December 31, 2018	278,192	197,686	312,226	788,104
At December 31, 2017	—	—	—	—

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

14. Fixed asset investments

Acquisition of subsidiary undertaking

On June 30, 2018, the Acquisition Company acquired 100% of the issued share capital of LDF Group Holdco Limited. The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book Value £	Revaluation £	Fair Value to Group £
Intangible assets	1,951,900	—	1,951,900
Tangible assets	848,611	—	848,611
Stocks	144	—	144
Debtors	222,303,606	—	222,303,606
Cash at bank and in hand	25,728,048	—	25,728,048
Total assets	250,832,309	—	250,832,309
Creditors	202,242,675	—	202,242,675
Accruals	2,678,388	—	2,678,388
Taxation	(639,813)	—	(639,813)
Total liabilities	204,281,250	—	204,281,250
Net assets acquired			46,551,059
Cash consideration paid			144,774,870
Goodwill			98,223,811

The goodwill of £98,223,811 arising from the acquisition includes £0 of intangible assets. For the year ended December 31, 2018, turnover of £24,718,624 and profit of £1,759,196 was included in the consolidated profit and loss account in respect of LDF Group Holdco Limited since the acquisition date.

WHITE OAK EUROPE, LTD.

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

14. Fixed asset investments (continued)

Acquisition of subsidiary undertaking (continued)

Name	Country Of Incorporation	Class of Share	Holding	Principal Activity	Company Number
LDF Operations Limited	UK	Ordinary	100%	Finance broker and funder to commercial counterparties	02029122
LDF Finance No.1 Limited	UK	Ordinary	100%	Funder to commercial counterparties	04893877
LDF Finance No.2 Limited	UK	Ordinary	100%	Funder to commercial counterparties	08822802
LDF Group Finance Limited*	UK	Ordinary	100%	Intermediate company	08737162
LDF OPS Limited	UK	Ordinary	100%	Finance broker	SC198910
LDF Finance No.3 Limited	UK	Ordinary	100%	Funder to commercial counterparties	08822799
LDF Finance No.4 Limited	UK	Ordinary	100%	Dormant	08822803
LDF Finance No.5 Limited	UK	Ordinary	100%	Dormant	08822812
LDF Group Holdco Limited	UK	Ordinary	100%	Holding Company	08736995
White Oak Europe Acquisition Ltd.	UK	Ordinary	100%	Intermediate company	11252734

All companies were incorporated in the UK. There is a 100% holding in each company. The registered office for each company (except LDF OPS Limited) is Dee House, St David's Park, Ewloe, Flintshire, Deeside, CH5 3XF.

The registered office of LDF OPS Limited is 22 Dunlop Street, Stewarton, Kilmarnock, Ayrshire, KA3 5AT.

LDF Finance No.4 Limited and LDF Finance No.5 Limited are dormant subsidiaries which have taken advantage of the exemptions from preparing and filing individual company accounts under s394A and s448A of the Companies Act 2006.

* LDF Group Finance Limited is held directly by LDF Group Holdco Limited, whilst the investment in other companies is held in LDF Group Finance Limited.

Company	Investments in Subsidiary Company £
Cost or valuation	
At July 1, 2018	151,060,131
At December 31, 2018	151,060,131
Net book value	
At December 31, 2018	151,060,131
At December 31, 2017	-

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

15. Debtors

	2018 Group £	2018 Company £	2017 Group and Company £
Due after more than one year			
Loan and lease receivables	86,665,586	—	—
Deferred taxation	118,422	—	—
	<u>86,784,008</u>	<u>—</u>	<u>—</u>

	2018 Group £	2018 Company £	2017 Group and Company £
Due within one year			
Loan and lease receivables	119,108,092	—	—
Trade debtors	565,029	—	—
Other debtors	5,642,168	26,630	—
Prepayments and accrued income	758,589	—	—
	<u>126,073,878</u>	<u>26,630</u>	<u>—</u>

16. Cash at bank and in hand

	2018 Group £	2018 Company £	2017 Group and Company £
Cash at bank and in hand	22,306,670	2,513,479	1
	<u>22,306,670</u>	<u>2,513,479</u>	<u>1</u>

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

17. Analysis of changes in net debt

	At January 1, 2018	Cash Flows	Other Non-Cash Changes	At December 31, 2018
	£	£	£	£
Cash and cash equivalents				
Cash at bank and in hand	1	22,306,669	–	22,306,670
Overdrafts	–	–	–	–
Cash equivalents	–	–	–	–
	<u>1</u>	<u>22,306,669</u>	<u>–</u>	<u>22,306,670</u>
Borrowings				
Debtors: Amounts falling due within one year	–	126,073,878	–	126,073,878
Debtors: Amount falling due after more than one year	–	86,784,008	–	86,784,008
	<u>–</u>	<u>212,857,886</u>	<u>–</u>	<u>212,857,886</u>
Total	<u>1</u>	<u>235,164,555</u>	<u>–</u>	<u>235,164,556</u>

18. Creditors: Amounts falling due within one year

	2018 Group	2018 Company	2017 Group and Company
	£	£	£
Other loans	18,280,096	–	–
Trade creditors	843,434	–	–
Amounts owed to group and undertakings	6,278,561	6,278,561	–
Corporation tax	311,722	–	–
Taxation and social security	231,271	–	–
Other creditors	321,001	965	–
Accruals and deferred income	2,608,806	–	–
	<u>28,874,891</u>	<u>6,279,526</u>	<u>–</u>

19. Creditors: Amounts falling due after more than one year

	2018 Group	2018 Company	2017 Group and Company
	£	£	£
Other loans	292,912,839	137,088,074	–
Deferred taxation	86,153	–	–
	<u>292,998,992</u>	<u>137,088,074</u>	<u>–</u>

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

20. Loans

	2018 Group £	2018 Company £	2017 Group and Company £
Amounts falling due within one year			
Other loans	25,175,055	6,225,300	—
	<u>25,175,055</u>	<u>6,225,300</u>	<u>—</u>
Amounts falling due 1-2 years			
Other loans	9,788,305	—	—
	<u>9,788,305</u>	<u>—</u>	<u>—</u>
Amounts falling due 2-5 years			
Other loans	301,612,560	137,088,074	—
	<u>301,612,560</u>	<u>137,088,074</u>	<u>—</u>

Loans amount of the Group includes estimated future interest on the loans taken by the Group.

The Group is subject to a number of covenants under its borrowing facilities. These are monitored and reviewed by the Board on a monthly basis.

21. Loans and receivables – Group

	2018 £	2017 £
Finance lease	87,156,862	—
Loan receivables	122,086,812	—
Less: allowance for impairment	(3,469,996)	—
	<u>205,773,678</u>	<u>—</u>

22. Allowance for impairment

	2018 £	2017 £
At July 1, 2018	1,935,867	—
Charge for the period	2,849,626	—
Reversal of impairment losses	(135,806)	—
Utilisation of impairment allowance	(1,179,691)	—
At December 31, 2018	<u>3,469,996</u>	<u>—</u>

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

23. Finance leases – Group

	Gross Investment £	Unearned Interest £	Capital £
Not later than 1 year	13,921,035	3,090,250	10,830,785
Later than 1 year and not later than 5 years	22,075,022	3,142,071	18,932,951
	<u>35,996,057</u>	<u>6,232,321</u>	<u>29,763,736</u>

Finance leases are comprised of minimum term and fixed term lease arrangement all of which are fixed repayment.

24. Commitments under operating leases

At December 31, 2018 the Group had future minimum leases payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	325,220	–
Later than 1 year and not later than 5 years	595,363	–
	<u>920,583</u>	<u>–</u>

25. Financial instruments

	2018 Group £	2018 Company £	2017 Group and Company £
Financial assets			
Financial assets that are basic debt instruments, including trade debtors and finance lease receivables that are measured at amortised cost or net investment, less any impairment provision	205,906,612	–	–
Other financial assets including other debtors, amounts owed by group undertakings and cash and cash equivalents, that are measured at amortised cost	86,433,355	2,540,109	–
Fair value of derivatives	9,635,840	9,623,183	–
	<u>301,975,807</u>	<u>12,163,292</u>	<u>–</u>

Financial liabilities

Financial liabilities that are external and internal financial debt liabilities including overdrafts, loans and borrowings, measured on an amortised cost basis

Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	42,404,438	54,226	–
	<u>375,253,583</u>	<u>143,367,600</u>	<u>–</u>

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

25. Financial instruments (continued)

Financial assets

The objective of credit risk management is enable the Group to achieve the appropriate risk versus reward performance whilst maintaining credit risk exposure in line with the approve appetite for the risk that customers will be unable to meet their obligations to the Group. The following table provides an analysis of the credit quality of third party financial assets based on the performing/impaired status of the asset.

	2018 £	2017 £
Neither past due nor impaired	199,241,921	—
Past due and not impaired	3,602,038	—
Past due and impaired	6,532,649	—
Impairment provision	(3,469,996)	—
	<u>205,906,612</u>	<u>—</u>

26. Deferred taxation

	2018 £	2017 £
Group		
At January 1, 2018	—	—
Adjustment in respect of prior years	280,099	—
Changed to the Statement of Comprehensive Income for the year	(247,830)	—
Other - rounding	—	—
At December 31, 2018	<u>32,269</u>	<u>—</u>
	2018 £	2017 £
Fixed asset timing differences	32,269	—
Short term timing differences	—	—
Non trading timing differences	—	—
	<u>32,269</u>	<u>—</u>

At December 31, 2018, the Group had deferred tax amounts not recognised relating to losses of £6,763 (2017: £Nil).

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

27. Share capital

	Number of Shares	Nominal Value £	Share Premium £
Shares classed as equity allotted, called-up and fully paid			
Authorised			
Issued and fully paid shares of \$1.00 each	1	1	23,036,756
			<u>23,036,756</u>
Ordinary shares			
Shares in issue at beginning of the year			1
Issued during the year			—
Shares in issue at end of the year			<u>1</u>

28. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions to the scheme by the Group amounted to £491,651 (2017: £Nil).

29. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 Section 33 Related Party Disclosures not to disclose transactions with members of the Group on the grounds that 100% of the voting rights in the Company are controlled within the Group and the Company is included in the consolidated financial statements. This is the set of the financial statements in which FRS 102 has been applied.

30. Controlling party

The ultimate controlling party of the Company is White Oak Europe (Cayman), Ltd as it holds the 100% shareholding in the Company. White Oak Europe (Cayman), Ltd is registered into Cayman. Group accounts are prepared by the Company and the results of the Acquisition Company and LDF Group Holdco Limited are included in these consolidated account. All companies were incorporated and are domiciled in England and Wales. Copies of the consolidated accounts of the Company can be obtained from its registered office C/O Buzzacott LP, 130 Wood Street, London, EC2VL 6DL.

31. Risk management

Credit risk

Credit risk is one of the main risks the Group faces as it is principally linked to the performance of the loans and finance leases on its own book. All applications for funding are considered by the Group's Credit Team and must adhere to the Group's credit policy and credit appetite. The performance of the portfolio is regularly discussed and reviewed by the Directors and mitigating action is taken where necessary.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS For the year ended December 31, 2018

31. Risk management (continued)

Credit risk (continued)

The maximum exposure to credit risk for the Group is as follows:

	2018 £	2017 £
Cash at bank	22,306,670	—
Loan and lease receivable	205,341,583	—
Trade and other debtors	6,207,197	—
	<u>233,855,450</u>	<u>—</u>

The above table represents the maximum credit risk exposure, net of impairment, to the Group at December 31, 2018 without taking into account any collateral held or other credit enhancement. No assets have been found to be individually impaired as a result of this risk.

The Group defines three classifications of credit quality (low, medium and higher risk) for all credit exposures. These classifications are based on the maturity of the outstanding loan and collateral held against it. The Group considers all assets shown in the above table to be low risk.

Liquidity risk

The Group mitigates this risk by financing itself to the level required to meet its liquidity needs. Cash flows for the business are monitored by the Directors on a request basis.

Reputational risk

The Group mitigates this risk by putting TCF (Treating Customers Fairly) at the heart of the business and providing exceptional customer service to its client base. This is evidenced by the amount of repeat business it provides for its clients. The Group regularly benchmarks its performance through customer feedback, complaints and internal reviews. All complaints are handled in a fair and transparent manner and are reported to the Board on a monthly basis.

Operational risk

The Group mitigates this risk by undertaking regular risks reviews of the operational procedures and undertaking departmental internal audits. There is a commitment by the business to report and review any operational failings and these are reported to the Board on a monthly basis.

Regulatory risk

The Group is subject to regulatory control and supervision by the Financial Conduct Authority (FCA). The Group has successfully gained all the permissions required by the FCA to perform its trade. The Group continually assesses the changing regulatory requirements and its adherence to them through regular reviews and updates to the Board.

WHITE OAK EUROPE, LTD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

31. Risk management (continued)

Interest rate risk

Interest rate risk is the loss arising from the adverse movements in market interest rates. The Group minimises its exposure to interest rate risk by ensuring the interest rate characteristics of its assets and liabilities are similar. Where this is not possible, the Company will use derivative financial instruments to mitigate any residual interest rate risk.

At the year end, the Group was party to an interest rate cap to hedge interest rate risk on a cap strike rate of 2.75%. The interest rate cap has been entered into as part of the securitisation transaction to hedge interest rate risk arising in the transaction including obligations under the notes. The derivative counterparties are selected as regulated financial institutions as this reduces the risk of default and loss for the Group. Additional credit protection is afforded by the requirement for the derivative counterparties to post collateral in the event of a downgrade to a counterparty's credit rating.

Financing risk

Key to the Group's success is the availability of funding for its own book. To ensure this availability, the Group has four senior funding lines, two of which are committed facilities. These facilities give the Group the flexibility and scale required to write business on its own book.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the Group's value to its shareholder.

32. Post balance sheet events

These financial statements were approved by management and available for issuance on August 2, 2019. Subsequent events have been evaluated through this date and no events have been identified which require adjustment or disclosure in the financial statements as at December 31, 2018.