



PUMA HERITAGE  
Calculated Excellence

ANNUAL REPORT &  
ACCOUNTS 2020

# Contents

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Officers and Professional Advisers	1
Highlights	2
Chairman's Statement	3
Directors' Biographies	4
Strategic Report	5
Directors' Report	7
Independent Auditor's Report	8
Consolidated Profit and Loss Account	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Cash Flows	13
Statement of Changes in Equity	14
Notes to the Consolidated Accounts	15

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# Officers and Professional Advisers

## Directors

Michael Posen (Chairman)  
Michael van Messel  
Jim Brydie

## Auditor

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London EC4A 4AB

## Registered Number

08285184

## Solicitors

Charles Russell Speechlys LLP  
5 Fleet Place  
London EC4M 7RD

## Registered Office

Elder House  
St Georges Business Park  
Brooklands Road  
Weybridge  
Surrey KT13 0TS

## Bankers

The Royal Bank of Scotland plc  
London City Office  
PO Box 412  
62-63 Threadneedle Street  
London EC2R 8LA

## Trading Advisor

Puma Investment Management Limited  
Cassini House  
57 St James's Street  
London SW1A 1LD

## Registrar

SLC Registrars  
Elder House  
St Georges Business Park  
Brooklands Road  
Weybridge  
Surrey KT13 0TS

## <sup>2</sup> Highlights

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- Revenue up nearly 90% to £7.5 million (2019: £4.0 million)
- Pre-tax profits of £4.0 million (2019: £2.6 million)
- Over £40 million of new share subscriptions in the year
- Net Asset Value (NAV) of £117.3 million as at 29 February 2020 (2019: £76.6 million)
- Adjusted NAV per Growth share of 113.31p as at 29 February 2020 (109.56p as at 28 February 2019), representing a 3.44% increase for the year
- Adjusted NAV per Income share of 101.47p as at 29 February 2020 (101.07p as at 28 February 2019), representing a 3.40% increase for the year after inclusion of dividends paid of 3p in the year

In the financial year to 29 February 2020, I am pleased to report that we have completed a range of new loans, all with the benefit of first charge security, to a number of borrowers.

## Introduction

I am pleased to present to you the annual report for Puma Heritage Limited (the "Company" or "Group") for the year to 29 February 2020.

The Group undertakes trading activities focusing on secured lending, with the principal aims of generating stable returns for shareholders, whilst at the same time seeking to offer downside risk protection and preserving capital.

The Group has recorded a very successful year, in which revenues grew by nearly 90% to over £7.5 million, delivering pre-tax profits of £4.0 million. NAV per share for both growth and income share classes, adjusting for dividends paid to income shareholders, grew in excess of the Group's target of 3% per annum.

Over £40 million of new share subscriptions were received during the year, which helped lift the Group's net assets by over 50% to £117 million.

Further subscriptions have continued to flow since the year end, notwithstanding the onset of the COVID-19 pandemic, and the Group has not experienced any material increase in requests for redemptions.

## Loan book and cash holdings

As at 29 February 2020 the Group's committed loan book was £173 million, of which £83 million had been drawn (loans having been provided via its wholly owned subsidiary Heritage Square Limited (the "Subsidiary")), as described below. The loan book all benefits from first charge security, and is well diversified across a variety of residential and commercial sectors and UK geographies.

The Group was holding £39m of cash at the year end, which is in place both to meet future funding commitments on the existing loan book, as well as to be available to fund new loans. All cash is held in instant access accounts to enable immediate deployment.

The Board remains mindful of the need to balance a desire to deploy cash regularly to drive returns for shareholders, whilst also maintaining the rigour with which all prospective loans are analysed to ensure they meet the Group's prudent appetite for risk.

## Activity during the year

During the year, the Company completed 19 new loans comprising £133m of new funding commitments, all with the benefit of first charge security. Loans were made to multiple borrowers and cover a diversity of sectors and geographies.

The Board is encouraged that the attractiveness of its offering has been evident through increasing subscriptions for new shares in the year. Over £40 million of new shares were subscribed for, with existing shareholders redeeming £3 million. Together with profits generated from the loan book, these increases in equity investment resulted in the net assets of the Company increasing by 53% to over £117 million by the year end.

## Outlook

The COVID-19 pandemic that struck since the Company's year-end continues to render much economic activity uncertain in the short term. In the immediate term, fundraising in the Group has slowed although smaller inflows have continued. Encouragingly, there has been no discernible increase in requests for redemptions from shareholders.

The Group's loan book is well diversified and is not overly exposed to those industries most severely impacted by the pandemic. No impairments of loan positions in place at the year-end have been made in the subsequent months.

The Board continues to appraise new lending opportunities and has closed 4 new loans since the year-end. There is a strong pipeline of transactions in place which the Group anticipates executing over the coming months. In doing so, we will continue to assess values in the light of emerging events, and our focus on managing risk and lending at conservative levels remains ever-present.

## Michael Posen

*Chairman*  
01 September 2020

## 4 Directors' Biographies



### **Michael Posen** (Chairman)

Michael is an economist by training. After 6 years in industry Michael joined Chase Manhattan Bank specialising in property finance. He became Managing Director of the merchant banking arm of Continental Illinois Bank and was subsequently Senior Vice President and General Manager of First Interstate Bank in London. He also became a non-executive director of HDG Harbour Development Group from 1979 to 1987 and then founded Earl Estates, a private property company encompassing property development, asset management, project management, property finance and investment. Michael has arranged finance for property in the USA, Germany, France and the UK.



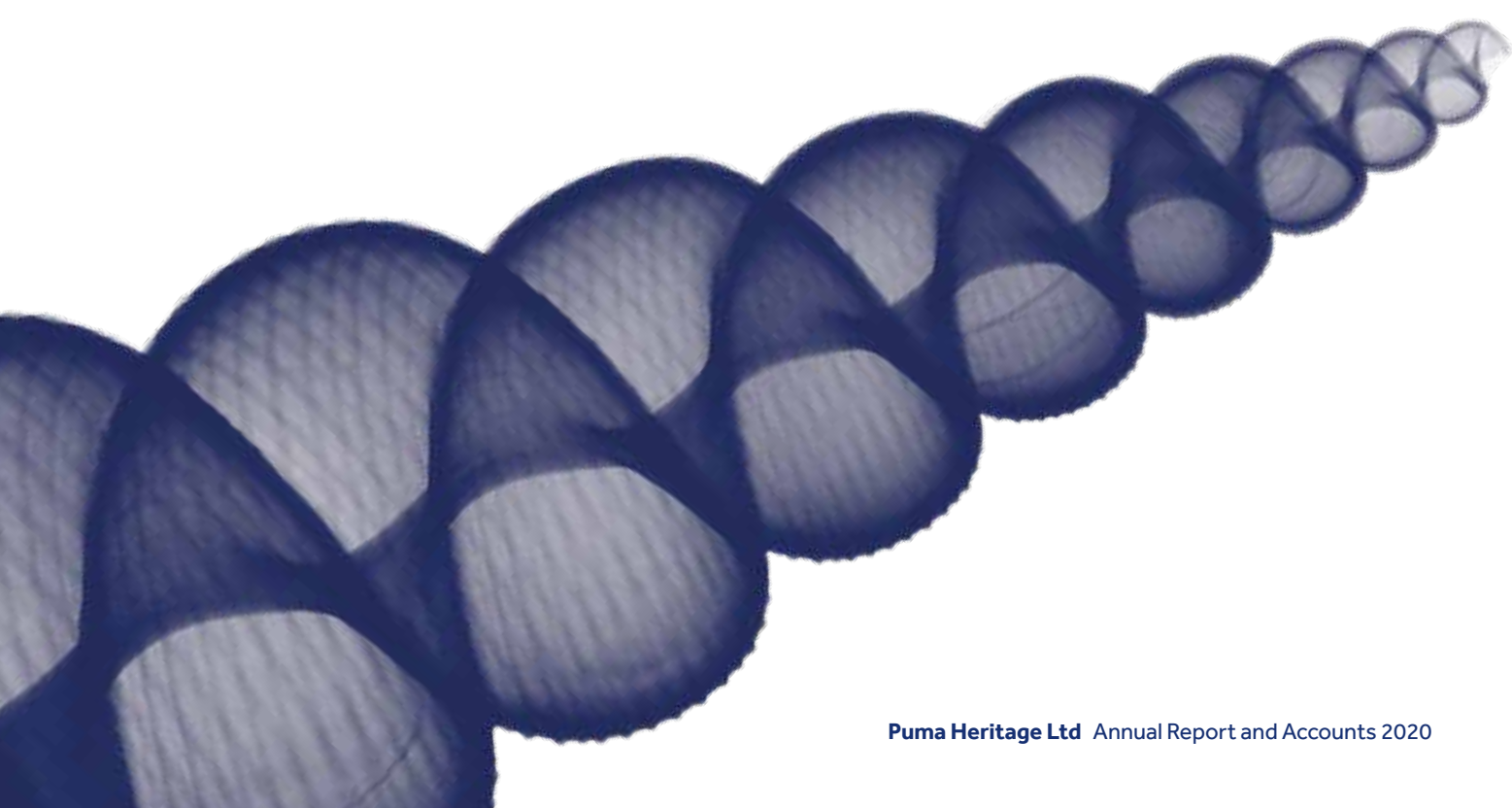
### **Jim Brydie**

Jim is a career banker who spent 30 years with RBS, the last few years as Head of Corporate & Property Finance. Thereafter he was involved in the Irish Banking system, including the exit by IBRC from the USA and latterly as CEO of the UK business winding this down from a £14bn exposure. More recently he has chaired a recovery vehicle for assets in Russia and Ukraine. He is also Non-Executive Director of Brown Shipley Private bank.



### **Michael van Messel**

Michael joined Hacker Young following his undergraduate degree and qualified as a Chartered Accountant. He then worked as a specialist in their tax department and, subsequently, for Coopers and Lybrand within its financial services group. He joined Shore Capital in 1993 as Group Financial Controller and became Operations Director in 2000. He is the head of Shore Capital's finance team, including its treasury function, and is also responsible for all operations at Shore Capital including all banking facilities. Michael has been involved in assessing, and subsequently monitoring, each company to or in which Shore Capital has lent or invested money.



The Directors present their Strategic Report of the Company for the year ended 29 February 2020.

## Principal Activities and Status

Puma Heritage Limited was incorporated and registered in England and Wales on 7 November 2012 as Puma Heritage Plc. It was established to operate in a range of sectors predominantly in the United Kingdom, with an initial focus on secured lending. On 4 November 2019, the Company re-registered as Puma Heritage Limited.

The Company, through its subsidiaries (together “the Group”) undertakes trading activities, initially focusing on secured lending, with the principal aims of generating stable returns for Shareholders, whilst at the same time seeking to offer downside risk protection and preserving capital. The Company currently has one wholly-owned subsidiary, Heritage Square Limited (the “Subsidiary”), which carries out secured lending.

## Trading Activities

The Group was formed to engage in activities such as secured lending and asset leasing where the Board consider that there is strong asset-backing to provide downside risk protection and the Group will focus on capital preservation, whilst seeking to produce regular returns for Shareholders.

The Group will typically look to provide loans of between £5 million to £35 million to small and medium sized businesses. Loans of a larger size can be considered on a case-by-case basis. The term of such loans will be typically between 1 to 3 years. The Group may finance new projects, including the development of property or plant, which requires specialist financial knowledge. The Group looks to back counterparties with a proven track record in their chosen sector and will typically lend up to 85% of the cost of the project but may be able to lend more depending on the dynamics of the individual deals. Ideally the value of loans made will be up to 70% of the value of the secured assets. The Group may also provide bespoke loans secured on investment property suited to a range of borrowing scenarios where traditional bridging terms may be too short and where traditional loan criteria used by the major banks may not be suitable.

The Group engages mainly with businesses that are seeking debt finance, that have substantial tangible assets, such as freehold property or contracted/highly predictable revenue streams from financially robust counterparties (over which security will be taken). Within the remit of low risk, asset-backed enterprises, the Board will continue to monitor other opportunities for the deployment of cash in the future.

## Principal Risks and Uncertainties

The principal risks facing the Group relate to its trading activities and how they are managed are as follows:

### Risks of Loan Non-Performance

There are a variety of factors which could adversely affect the ability of counterparties to fulfil their payment obligations or which may cause other events of default. These include changes in financial and other market conditions, trading performance, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances.

Loans made by the Group may, after funding, become non-performing for a wide variety of reasons, including non-payment of principal or interest, as well as covenant violations by the borrower in respect of the underlying loan documents. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, substantial irrecoverable costs, a substantial reduction in the interest rate, a substantial write-down of the principal of such loan and/or a substantial change in the terms, conditions and covenants with respect to such defaulted loan. However, even if a restructuring were successfully accomplished, there is risk that, upon maturity of such loan, replacement “take-out” financing will not be available.

It is possible that the Group may find it necessary or desirable to foreclose on collateral securing one or more loans made by the Group. The foreclosure process can be lengthy and expensive, which could have a material negative effect on the anticipated return on the foreclosed loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This could substantially reduce the anticipated return on the foreclosed loan.

The level of defaults on loans and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. The liquidity in defaulted loans may also be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the value of the loans and, consequently, the Group.

### Business Property Relief may not be Available

The Directors are committed to manage the Group with a view to ensuring that a subscription for Shares in the Company will offer Shareholders Business Property Relief from Inheritance Tax, but there can be no guarantee that the Group will fulfil the criteria to obtain such relief nor that HMRC will not challenge whether Shareholders are entitled to Business Property Relief, which may give rise to Shareholders incurring costs in engaging professional advisers.

## Business Review and Future Developments

The Group's business review and future developments are set out in the Chairman's Statement on page 3.

## Key Performance Indicators

At each board meeting, the Directors consider a number of performance measures to assess the Group's success in meeting its objectives. The Board believes the key performance indicators are movement in the Group's NAV, percentage of NAV deployed (being defined as the total loan book earning interest as a percentage of net assets) and the Earnings per Income and Growth share (being the increase in adjusted net asset value per share adjusted for dividends paid). The Board does not consider that the Group requires any non-financial key performance indicators. Details of these key performance indicators are explained in the Chairman's Statement on page 3.

## Section 172 Statement - Duty to promote the success of the company

Section 172 of the Companies Act requires directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the company.

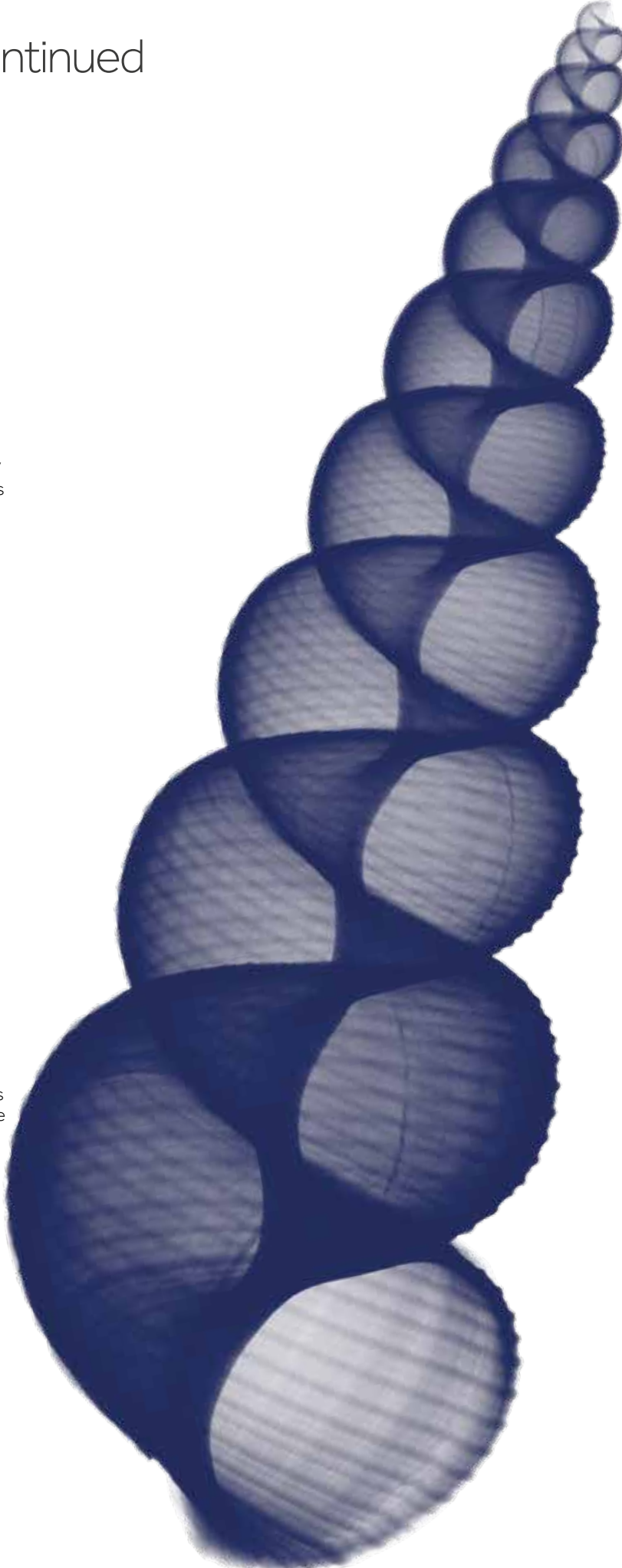
As set out in the Chairman's Statement and elsewhere in the Strategic Report, the Directors have had regard to those matters detailed above as far as relevant to the company. In particular, the Directors are focussed on the likely long term consequences of decisions and the importance of maintaining high standards of business conduct as a result as ensuring that all members are treated fairly.

Approved by the board and signed on its behalf by

### Michael Posen

*Chairman*

01 September 2020



The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 29 February 2020.

## Results and Dividends

The results for the financial year are set out on page 10. The Group's business review and future developments are set out in the Chairman's Statement on page 3.

The Directors were pleased to pay an interim dividend in respect of Redeemable Income Shares of 3p per share in respect of the year ending 28 February 2021 which was paid to holders of Income shares on the register as at 22 June 2020 (2019: 3p per share).

## Post balance sheet events

Details of material post-balance sheet events are set out in note 14 to the financial statements.

## Capital Structure

The issued share capital of the Company is detailed in note 10 of these accounts. During the year ended 29 February 2020, the Company issued 737,026 Redeemable Income Shares and 36,230,834 Redeemable Growth Shares. During the year, the Company redeemed 24,110 Redeemable Income Shares and 3,153,305 Redeemable Growth Shares.

## Gearing

The Company has the authority to borrow up to 50% of the Net Asset Value of the Company but there are currently no plans to take advantage of this capacity.

## Directors

The Directors of the Company during the year were as follows:

Michael Posen (Chairman)

Michael van Messel

Jim Brydie

Michael van Messel is a key senior manager of the Shore Capital Group.

## Third Party Indemnity Provision for Directors

Qualifying third party indemnity provision was in place for the benefit of all Directors of the Company.

## Business relationships

The directors' statement summarising how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year is incorporated into the section 172 statement disclosures set out in the Strategic Report on pages 5 and 6.

## Financial Risk Management

The main financial risk that the Group faces are those associated with non-performance of current and future loans. The key financial instrument risk facing the Group is credit risk on its secured loans. Details of these risks are disclosed in the Strategic Report on pages 5 and 6. The Trading Adviser performs detailed due diligence prior to new loans being provided to a new or existing borrower and closely monitors the on-going performance of the borrowers to minimise the risk of non-performance.

## Auditor

RSM UK Audit LLP has expressed its willingness to continue in office.

## Statement as to Disclosure of Information to the Auditor

The Directors in office at the date of this report have confirmed that, as far as they are aware, there is no relevant information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and the company and of the profit or loss of the group for that year.

In preparing those 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

## Electronic Publication

The financial statements are published on [www.pumaheritage.co.uk](http://www.pumaheritage.co.uk). Legislation in the United Kingdom regulating the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

## Michael Posen

Chairman

01 September 2020

# 8 Independent Auditor's Report

## to the Members of Puma Heritage plc

### Opinion

We have audited the financial statements of Puma Heritage Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 29 February 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 29 February 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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 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.

### Other information

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

### 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.

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

# Independent Auditor's Report

continued

to the Members of Puma Heritage plc

## 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our Report

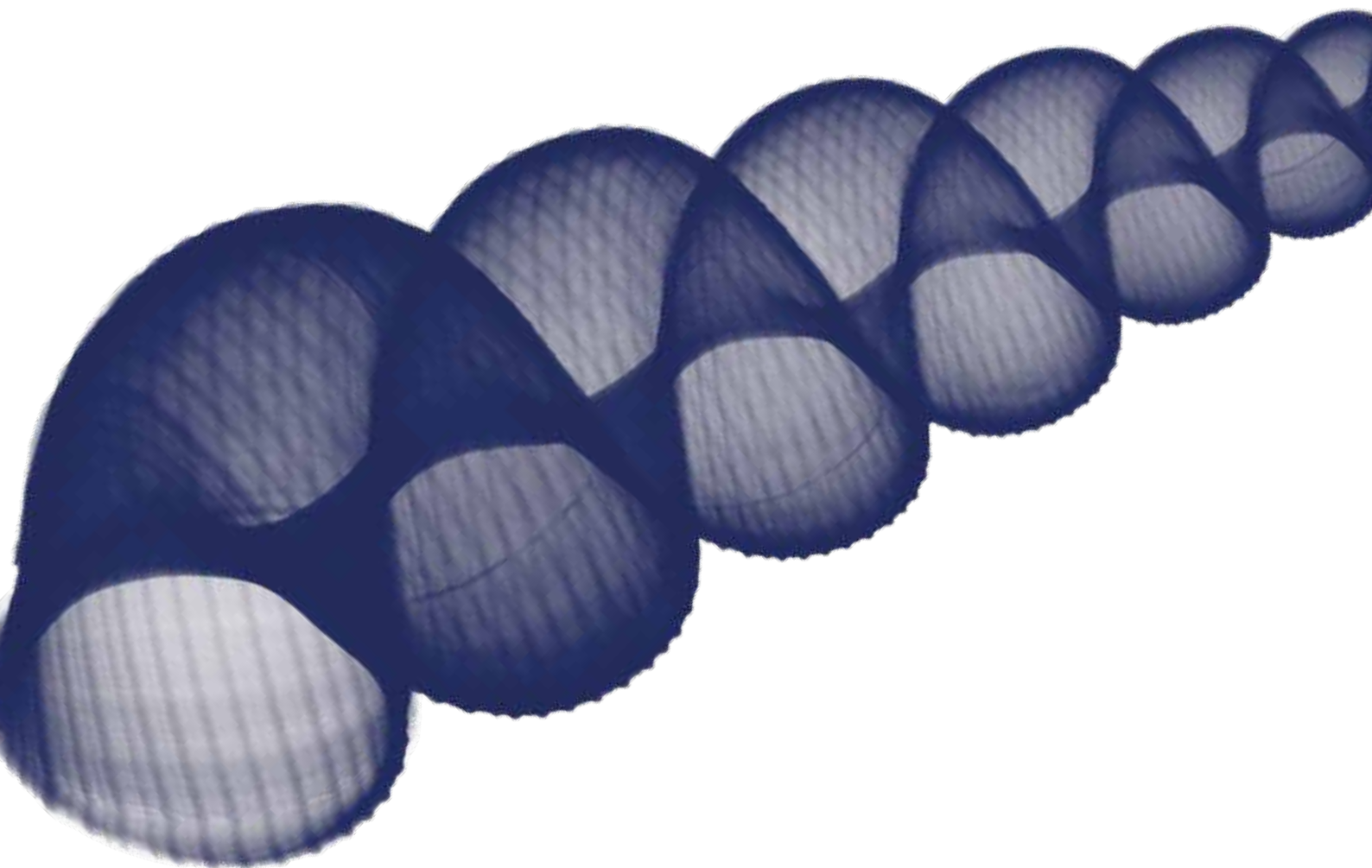
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other 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.

**RICHARD COATES** (Senior Statutory Auditor)

For and on behalf of **RSM UK Audit LLP**

Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London, EC4A 4AB

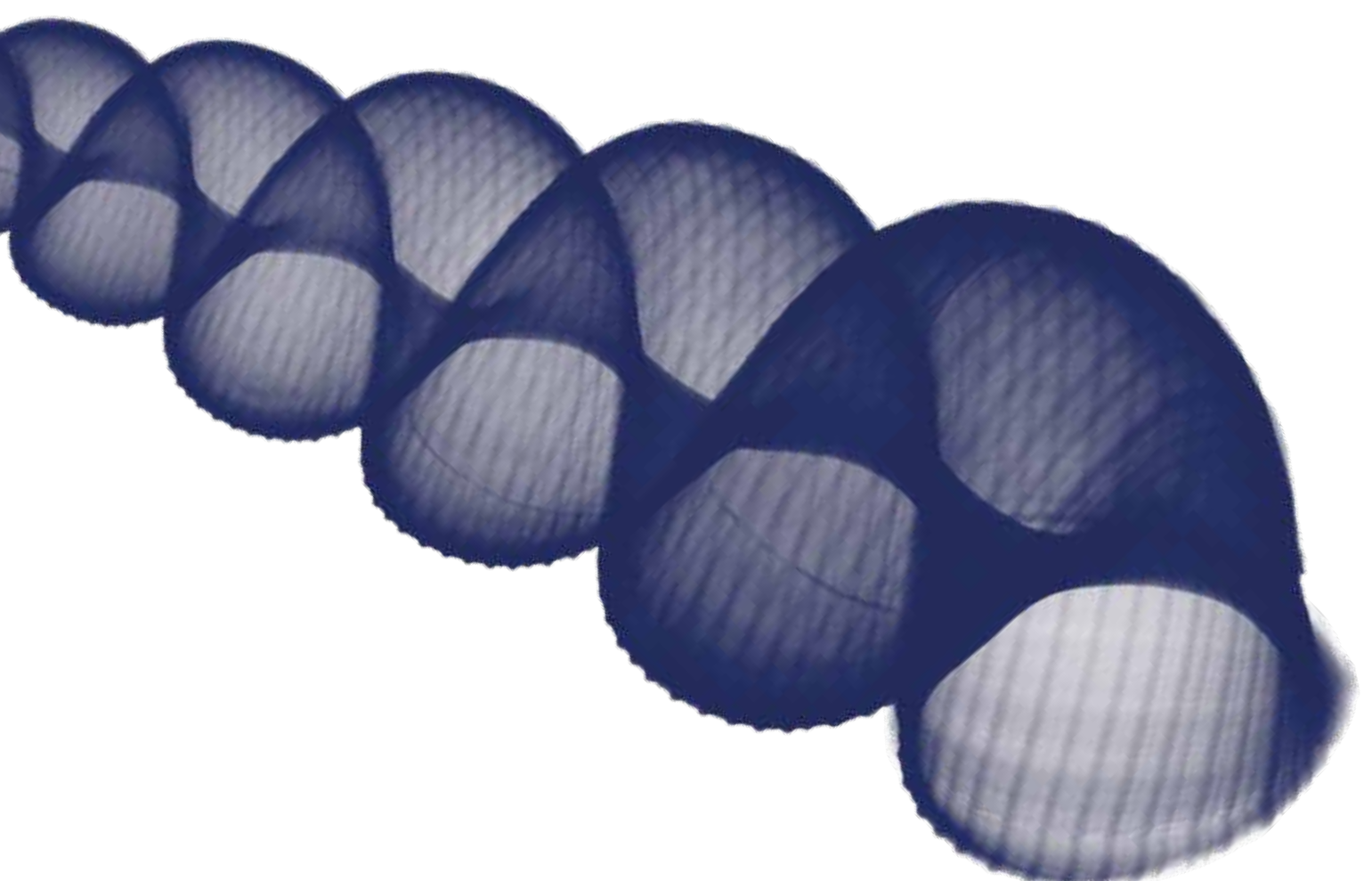
01 September 2020



# Consolidated Profit and Loss Account

For the year ended 29 February 2020

	Note	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Trading book income	2	<b>7,539</b>	<b>4,002</b>
Administrative expenses	3	<b>(3,591)</b>	<b>(1,435)</b>
Operating profit		<b>3,948</b>	<b>2,567</b>
Interest income		<b>57</b>	<b>31</b>
Profit before taxation		<b>4,005</b>	<b>2,598</b>
Taxation	4	<b>(805)</b>	<b>(498)</b>
Profit and total comprehensive income for the year		<b>3,200</b>	<b>2,100</b>



# Consolidated Balance Sheet

Company number: 08285184

As at 29 February 2020

	Note	As at 29 February 2020 £'000	As at 28 February 2019 £'000
<b>Assets</b>			
Loans due after more than one year		11,232	14,180
Loans due within one year		71,652	50,324
Debtors	7	6,770	2,552
Cash		39,564	11,769
		<b>129,218</b>	<b>78,825</b>
<b>Creditors - amounts falling due within one year</b>			
	8	<b>(11,957)</b>	<b>(2,255)</b>
<b>Net Current Assets</b>		<b>117,261</b>	<b>76,570</b>
<b>Net Assets</b>		<b>117,261</b>	<b>76,570</b>
<b>Capital and Reserves</b>			
Share capital	10	104	70
Share premium		109,498	71,966
Profit and loss account		7,659	4,534
<b>Equity Shareholders' Funds</b>		<b>117,261</b>	<b>76,570</b>
<b>Net Asset Value per Growth Share</b>	11	<b>113.23p</b>	<b>109.53p</b>
<b>Net Asset Value per Income Share *</b>	11	<b>101.40p</b>	<b>101.04p</b>
<b>Adjusted Net Asset Value per Growth Share</b>	11	<b>113.31p</b>	<b>109.56p</b>
<b>Adjusted Net Asset Value per Income Share *</b>	11	<b>101.47p</b>	<b>101.07p</b>

\* Net Asset Value per Income Share and Adjusted Net Asset Value per Income Share are stated after deduction of cumulative dividends paid to date of 11p (2019: 8p).

The financial statements were approved and authorised for issue by the Board of Directors on 01 September 2020 and were signed on their behalf by:

**Michael Posen**  
Chairman

# Company Balance Sheet

As at 29 February 2020

	Note	As at 29 February 2020 £'000	As at 28 February 2019 £'000
<b>Fixed Assets</b>			
Investments	6	10	10
<b>Current Assets</b>			
Debtors	7	112,146	73,737
Cash		139	272
		<b>112,285</b>	<b>74,009</b>
<b>Creditors - amounts falling due within one year</b>	8	<b>(2,623)</b>	<b>(1,843)</b>
<b>Net Current Assets</b>		<b>109,662</b>	<b>72,166</b>
<b>Net Assets</b>		<b>109,672</b>	<b>72,176</b>
<b>Capital and Reserves</b>			
Share capital	10	104	70
Share premium		109,498	71,966
Profit and loss account		70	140
<b>Equity Shareholders' Funds</b>		<b>109,672</b>	<b>72,176</b>

As permitted by s408 of the Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £5,000 (2019: Loss of £9,000).

The financial statements were approved and authorised for issue by the Board of Directors on 01 September 2020 and were signed on their behalf by:

**Michael Posen**  
Chairman

# Consolidated Statement of Cash Flows

13

For the year ended 29 February 2020

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
<b>Reconciliation of profit after tax to net cash flow from operating activities</b>		
Profit after tax	3,200	2,100
Tax charge	805	498
Interest income	(57)	(31)
Increase in debtors	(4,218)	(380)
Increase in creditors	9,587	133
Increase in loan book	(18,380)	(25,508)
Corporation tax paid	(690)	(454)
<b>Net cash outflow from operating activities</b>	<b>(9,753)</b>	<b>(23,642)</b>
<b>Cash flow from investing activities</b>		
Interest received	57	31
<b>Net cash inflow from investing activities</b>	<b>57</b>	<b>31</b>
<b>Cash flow from financing activities</b>		
Proceeds received from issue of ordinary share capital	41,332	26,750
Expense paid for issue of share capital	(221)	(386)
Redemption and cancellation of ordinary share capital	(3,545)	(3,307)
Dividends paid	(75)	(48)
<b>Net cash inflow from financing</b>	<b>37,491</b>	<b>23,009</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>27,795</b>	<b>(603)</b>
Cash and cash equivalents at the beginning of the year	11,769	12,372
Cash and cash equivalents at the end of the year	39,564	11,769

# Statement of Changes in Equity

For the year ended 29 February 2020

Group	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
<b>Balance as at 1 March 2018</b>	<b>49</b>	<b>48,931</b>	<b>2,482</b>	<b>51,462</b>
Shares issued in the period	25	26,724	-	26,749
Shares redeemed in the period	(4)	(3,303)	-	(3,307)
Expenses of share issues	-	(386)	-	(386)
Dividends paid	-	-	(48)	(48)
Profit for the year	-	-	2,100	2,100
<b>Balance as at 28 February 2019</b>	<b>70</b>	<b>71,966</b>	<b>4,534</b>	<b>76,570</b>
Shares issued in the period	37	41,295	-	41,332
Shares redeemed in the period	(3)	(3,542)	-	(3,545)
Expenses of share issues	-	(221)	-	(221)
Dividends paid	-	-	(75)	(75)
Profit for the year	-	-	3,200	3,200
<b>Balance as at 29 February 2020</b>	<b>104</b>	<b>109,498</b>	<b>7,659</b>	<b>117,261</b>

Company	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
<b>Balance as at 1 March 2018</b>	<b>49</b>	<b>48,931</b>	<b>196</b>	<b>49,176</b>
Shares issued in the period	25	26,724	-	26,749
Shares redeemed in the period	(4)	(3,303)	-	(3,307)
Expenses of share issues	-	(386)	-	(386)
Dividends paid	-	-	(48)	(48)
Profit for the year	-	-	(9)	(9)
<b>Balance as at 28 February 2019</b>	<b>70</b>	<b>71,966</b>	<b>140</b>	<b>72,176</b>
Shares issued in the period	37	41,295	-	41,332
Shares redeemed in the period	(3)	(3,542)	-	(3,545)
Expenses of share issues	-	(221)	-	(221)
Dividends paid	-	-	(75)	(75)
Profit for the year	-	-	5	5
<b>Balance as at 29 February 2020</b>	<b>104</b>	<b>109,498</b>	<b>70</b>	<b>109,672</b>

# Notes to the Consolidated Accounts

For the year ended 29 February 2020

## 1. Accounting Policies

### Basis of Accounting

Puma Heritage Limited ("the Company") is a public company limited by shares. It was incorporated and is registered and domiciled in England and Wales. The registered office of the group is Elder House, St George's Business Park, Brooklands Road, Weybridge, Surrey KT13 0TS. The principal activities of the Company and its subsidiary ("the Group") are disclosed in the Strategic report.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The principal accounting policies adopted are set out below:

### Basis of consolidation

The Group accounts consolidate the financial statements of the Company and all its subsidiary undertakings. Intra-group profits are eliminated on consolidation.

The Company has taken advantage of the exemptions in FRS 102 from the requirement to prepare a Company Statement of Cash Flows.

### Going concern

The directors have considered the Group's and the Company's current financial position and cash flow forecasts for the period to 30 September 2021, which includes consideration of the impact of COVID-19 on the Group, and after careful consideration, have concluded that they are confident that the Group and the Company will have adequate cash resources to enable it to pay its liabilities as they fall due for at least that period and as a result continue to adopt the going concern basis for the preparation of these financial statements.

### Cash at bank and in hand

Cash at bank and in hand comprises cash in hand and on-demand deposits.

### Income

Interest receivable on loans is recognised on an accruals basis.

### Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis.

### Taxation

Corporation tax is applied to profits chargeable to corporation tax, if any, at the applicable rate for the year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Group's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent years. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Reserves

Reserves of the Group represent the following:

#### *Share Premium*

Consideration received for shares issued above their nominal value net of transaction costs.

#### *Profit and Loss Reserve*

The cumulative profit and loss net of distributions to owners.

### Dividends

Final dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established. The liability is established when the dividends proposed by the Board are approved by the Shareholders. Interim dividends are recognised when paid.

### Investments

Investments in the Company's balance sheet are stated at cost, less any provision for impairments.

# Notes to the Consolidated Accounts

continued

For the year ended 29 February 2020

## 1. Accounting Policies (continued)

### Equity instruments

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at proceeds received net of issue costs.

### Debtors

Debtors include accrued income which is recognised at amortised cost, equivalent to the fair value of the expected balance receivable.

### Creditors

Creditors are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

### Key accounting estimates and assumptions

The Directors make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The key accounting estimates and assumptions used in the preparation of these financial statements relate to carrying value of the secured loans and any related unpaid accrued loan interest income.

## 2. Trading book income

	2020 £'000	2019 £'000
Loan interest	7,512	3,964
Other income	27	38
Trading book income	7,539	4,002

## 3. Administrative Expenses

Administrative expenses include the following costs:

	2020 £'000	2019 £'000
Directors' remuneration	74	66
Auditor's remuneration for statutory audit	30	26
Non-audit fees – tax compliance	4	5

The Company had no employees (excluding directors) during the year ended 29 February 2020 (2019: nil). The Group had one employee (excluding directors) during the year ended 29 February 2020 (2019: one).

The Auditor's remuneration of £25,000 (2019: £21,750) has been grossed up in the table above to include irrecoverable VAT.

### Directors' Remuneration

The average number of Directors during the year was 3 (2019: 3). Michael Posen and Jim Brydie currently each receive a fee of £50,000 (2019: £30,000) per annum. Michael van Messel receives no fee. In the event that the net assets of the Company, calculated as of the last day of the applicable quarter, fall below £10 million, the fees of Michael Posen and Jim Brydie each will reduce to £10,000 per annum. Michael van Messel shall continue to receive no fee.

The total remuneration of the Directors who are considered to be key management personnel of the Group was £68,000 (2019: £60,000), which has been grossed up with an element of irrecoverable VAT included in the table above. Total social security costs in respect of key management personnel were £1,000 (2019: £3,000). These are the total emoluments. There is no pension or share option scheme.

The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings of the Directors or general meetings or otherwise in connection with the discharge of their duties.

### Puma Investment Management Limited

During the year, the Company accrued £481,000 (2019: £308,000) for administration fees and £221,000 (2019: £386,000) commission in respect of share issues and the Company's subsidiary, Heritage Square Limited, accrued £1,016,000 (2019: £125,000) for a business support fees, £575,000 (2019: £nil) for loan monitoring fees and, as disclosed in note 8, £1,203,000 (2019: £755,000) was accrued in respect of advisory fees. These fees were all charged by Puma Investment Management Limited, the trading advisor, or its related entities.

# Notes to the Consolidated Accounts

continued

For the year ended 29 February 2020

## 4. Taxation

	2020 £'000	2019 £'000
Profit before taxation	4,005	2,598
Tax charge calculated on profit before taxation at the applicable rate of 19% (2019: 19%)	761	494
Adjustment in respect of prior periods	-	4
Expenses not deductible for tax purposes	44	-
Corporation tax charge	805	498

## 5. Dividends

The Directors paid an interim dividend in respect of redeemable Income Shares of 3p per share in respect of the year ending 28 February 2021 on 07 July 2020 to holders of Income Shares on the register as at 22 June 2020 (2019: 3p per share).

## 6. Investment in Subsidiaries

	£'000
Company – Cost	
Cost as at 29 February 2020 and 28 February 2019	10

### Additional information on subsidiaries

Subsidiary Trading Companies	Country of registration and operation	Activity	Portion of ordinary shares and voting rights held
Heritage Square Limited	England and Wales	Secured loan provider	100%

The registered office of Heritage Square is Elder House, St George's Business Park, Brooklands Road, Weybridge, Surrey KT13 0TS.

## 7. Debtors

	As at 29 February 2020		As at 28 February 2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Prepayments and accrued income	6,770	114	2,552	-
Amounts due from subsidiary undertaking	-	112,032	-	73,737
	<b>6,770</b>	<b>112,146</b>	<b>2,552</b>	<b>73,737</b>

Amounts due from subsidiary undertaking are unsecured, non-interest bearing and repayable on demand, except that the Company is only able to demand repayment of the loan to the extent that the subsidiary undertaking has cash available to pay it.

## 8. Creditors

	As at 29 February 2020		As at 28 February 2019	
	Group £'000	Company £'000	Group £'000	Company £'000
<b>Amounts falling due within one year:</b>				
Accruals	121	65	334	169
Corporation tax	315	-	200	-
Accrued fees to Trading Adviser	2,591	2,558	1,650	1,650
Other creditors	8,930	-	71	-
	<b>11,957</b>	<b>2,623</b>	<b>2,255</b>	<b>1,843</b>

# Notes to the Consolidated Accounts

continued

For the year ended 29 February 2020

The Company has appointed Puma Investment Management Limited to act as Trading Adviser to the Group. During the year, fees of £1,203,000 (2019: £755,000) accrued in respect of advisory fees, of which £389,000 (2019: £143,000) were paid. As detailed in the Prospectus, the payment of these fees is deferred until certain conditions are satisfied. These conditions may be satisfied during the year ending 28 February 2021, so the accrued fees are disclosed as due within one year. Included in the accruals balance is £nil (2019: £190,000) due to the Trading Adviser for services provided.

Other creditors of £8,930,000 relates to loan repayments received shortly before the year-end, due to other pari passu lenders. These were paid to the other lenders post year end.

## 9. Financial Instruments

The carrying value of the Group and Company's financial instruments at 29 February 2020 was:

	2020		2019	
	£'000 Group	£'000 Company	£'000 Group	£'000 Company
<b>Financial assets:</b>				
<b>Debt instruments measured at amortised cost</b>				
Loans due after more than 1 year	11,232	-	14,180	-
Loans due within 1 year	71,652	-	50,324	-
Other debtors	6,770	-	2,552	-
Amounts due from subsidiary	-	112,032	-	73,737
	<b>89,654</b>	<b>112,032</b>	<b>67,056</b>	<b>73,737</b>
<b>Financial liabilities:</b>				
<b>Measured at amortised cost</b>				
Other creditors and accruals	11,642	2,623	2,055	1,843
<b>Total</b>	<b>11,642</b>	<b>2,623</b>	<b>2,055</b>	<b>1,843</b>

## 10. Share Capital

	2020		2019	
	Number	£'000 Value	Number	£'000 Value
Ordinary shares	2	-	2	-
Growth shares	100,953,909	101	67,876,380	68
Income shares	2,913,615	3	2,200,699	2
	<b>103,867,526</b>	<b>104</b>	<b>70,077,081</b>	<b>70</b>

Nominal value of all shares issued at the year end was 0.1p.

## Share movements in the year

During the year movements in the Company's redeemable shares were as follows:

	Redeemable Growth Shares		Redeemable Income Shares	
	Number	£'000 Value	Number	£'000 Value
As at 1 March 2018	47,039,942	48	1,663,575	1
Issued in the year	23,697,136	24	774,242	1
Redeemed in the year	(2,860,698)	(4)	(237,118)	-
<b>As at 28 February 2019</b>	<b>67,876,380</b>	<b>68</b>	<b>2,200,699</b>	<b>2</b>
Issued in the year	36,230,834	36	737,026	1
Redeemed in the year	(3,153,305)	(3)	(24,110)	-
<b>As at 29 February 2020</b>	<b>100,953,909</b>	<b>101</b>	<b>2,913,615</b>	<b>3</b>

# Notes to the Consolidated Accounts

continued

For the year ended 29 February 2020

## Share Rights

The Redeemable Growth Shares, the Redeemable Income Shares and the Ordinary Shares shall rank *pari passu* as to rights to attend and vote at any general meeting of the Company.

## Ordinary Shares

The ordinary shares have no rights to dividends and are not redeemable.

## Redeemable Growth Shares

The Redeemable Growth Shares carry no right to receive a dividend from the revenue profits of the Company. In respect of any period, the aggregate of the revenue profits of the Company multiplied by the most recently calculated Redeemable Growth Share Capital Ratio (being such percentage of the Company's Net Asset Value as shall be attributable to the Redeemable Growth Shares in accordance with the methodology contained within the Articles, as calculated by the Company as at the applicable calculation date) shall belong to the holders of the Redeemable Growth Shares (as between them *pro rata* to their respective holding of Redeemable Growth Shares) and shall be aggregated to the net asset value of the Redeemable Growth Shares for the purposes of calculating the Redeemable Growth Share Capital Ratio.

The Redeemable Growth Shares are redeemable by the Company at a sum equivalent to the Redeemable Growth Share Redemption Value (being the Redeemable Growth Share Capital Ratio multiplied by the Net Asset Value of the Company, divided by the number of Redeemable Growth Shares in issue, in each case as at the applicable calculation date) multiplied by the number of Redeemable Growth Shares subject to the relevant election to redeem. Such redemptions may take place as of 28 February or 31 August (or as of such other date as the Directors may determine) in any year subject always to the holder of such Redeemable Growth Shares having given notice before the end of the calendar month prior to the relevant redemption date of their wish to have their Redeemable Growth Shares redeemed, and always subject to the Directors' discretion, applicable law and regulation and there being sufficient liquidity.

Each Redeemable Growth Share which is redeemed, shall, thereafter, be cancelled without further resolution or consent.

## Redeemable Income Shares

In respect of any period, the aggregate of the revenue profits of the Company multiplied by the most recently calculated Redeemable Income Share Capital Ratio (being such percentage of the Company's Net Asset Value as shall be attributable to the Redeemable Income Shares in accordance with the methodology contained within the Articles, as calculated by the Company as at the applicable calculation date) (exclusive of any imputed tax credit available to Shareholders) shall belong to the holders of the Redeemable Income Shares (as between them *pro rata* to their respective holding of Redeemable Income Shares). Any such share of the revenue profits which are not distributed to the holders of the Redeemable Income Shares in any relevant period shall be aggregated to the net asset value of the Redeemable Income Shares for the purposes of calculating the Redeemable Income Share Capital Ratio.

The Redeemable Income Shares are redeemable by the Company at a sum equivalent to the Redeemable Income Share Redemption Value (being the Redeemable Income Share Capital Ratio multiplied by the Net Asset Value of the Company, divided by the number of Redeemable Income Shares in issue, in each case as at the applicable calculation date) multiplied by the number of Redeemable Income Shares subject to the relevant election to redeem. Such redemptions may take place as of 28 February or 31 August (or as of such other date as the Directors may determine) in any year subject always to the holder of such Redeemable Income Shares having given notice before the end of the calendar month prior to the relevant redemption date of their wish to have their Redeemable Income Shares redeemed and always subject to the Directors' discretion, applicable law and regulation and there being sufficient liquidity. Each Redeemable Income Share which is redeemed, shall, thereafter, be cancelled without further resolution or consent.

# Notes to the Consolidated Accounts

continued

For the year ended 29 February 2020

## 11. Net Asset Value per Share

As at 29 February 2020

	Total	Income shares	Growth shares	Ordinary shares
Shares in issue as at 29 February 2020	103,867,526	2,913,615	100,953,909	2
	Total £'000	Attributable to Income shares £'000	Attributable to Growth shares £'000	Ordinary shares £'000
Net assets	117,261	2,954	114,307	-
Add back: costs associated with the Plc re registration incurred and expensed	83	-	-	-
Adjusted net assets for new subscribers as at 29 February 2020	117,344	2,956	114,388	-
<b>Net asset value per share*</b>	<b>112.89p</b>	<b>101.40p</b>	<b>113.23p</b>	-
<b>Adjusted Net asset value per share*</b>	<b>112.98p</b>	<b>101.47p</b>	<b>113.31p</b>	-

As at 28 February 2019

	Total	Income shares	Growth shares	Ordinary shares
Shares in issue as at 28 February 2019	70,077,081	2,200,699	67,876,380	2
	Total £'000	Attributable to Income shares £'000	Attributable to Growth shares £'000	Ordinary shares £'000
Net assets	76,570	2,224	74,346	-
Add back: formation and preliminary costs incurred and expensed since inception	170	-	-	-
Less: amortisation of formation and preliminary costs since inception	(160)	-	-	-
Adjusted net assets as at 28 February 2019	76,580	2,224	74,356	-
<b>Net asset value per share*</b>	<b>109.27p</b>	<b>101.04p</b>	<b>109.53p</b>	-
<b>Adjusted Net asset value per share*</b>	<b>109.28p</b>	<b>101.07p</b>	<b>109.56p</b>	-

\* Net Asset Value per Income Share and Adjusted Net Asset Value per Income Share are stated after deduction of cumulative dividends paid to date of 11p (2019: 8p).

As detailed in the Prospectus, formation and preliminary expenses incurred (including printing and advisory fees) in the establishment of the Company and in connection with the Offer were expensed in its accounts when incurred as required by accounting rules. However, in relation to calculating the Adjusted Net Asset Value of the Shares for New Subscribers, these expenses were amortised over 5 years from the Initial Closing Date in order to ensure that they are fairly attributed to initial and subsequent Investors.

During the year ended 29 February 2020, the Company incurred costs in connection with the re-registration from a Public Limited Company to a Private Limited Company. These costs have been expensed in the year in accordance with accounting rules and they will be amortised over 5 years to ensure that they are fairly attributed to initial and subsequent Investors.

## 12. Contingencies, Guarantees and Financial Commitments

As at 29 February 2020 the Group has loans committed but undrawn of £83.6 million (2019: £43.3 million).

## 13. Controlling Party

In the opinion of the Directors there is no immediate or ultimate controlling party.

## 14. Post Balance Sheet Events

Since the year end, a further 5,349,607 of growth shares have been issued for a consideration of £6,075,047 respectively.

During the same period, 1,057,713 growth shares have been redeemed for a consideration of £1,199,325. 87,657 income shares have been redeemed for a consideration of £89,247.

On 11 March 2020, the World Health Organisation declared COVID-19 a global pandemic and on 23 March 2020, the UK Government imposed a lockdown on the whole population. The Directors consider that COVID-19 is a non-adjusting post-balance sheet event.

The pandemic will significantly impact the UK economy. It is too early to comment on the medium-term effects on property prices and the liquidity of property transactions. However, the directors remain comforted by a conservative LTV across the loan book and first charge security on all loans. No impairments of loan positions in place at the year-end have been made in the subsequent months.





## PUMA INVESTMENTS

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