Consolidated statement of comprehensive income

for the Period from 10 April 2018 to 31 December 2018

	Note	Before exceptional items £'000	Exceptional items £'000	Total £'000
Income	5	3,903		3,903
Operating costs	7,9	(5,011)	(869)	(5,880)
Operating loss	6	**(1,108)**	**(869)**	**(1,977)**
Finance costs	10			(12)
Loss before taxation for the Period				**(1,989)**
Taxation	11			273
Loss after taxation for the Period and total comprehensive income				**(1,716)**
Earnings per share				
Basic EPS	12			(1.18p)
Diluted EPS	12			(1.18p)

All activities derive from the continuing operations of the Group.

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

Consolidated statement of financial position

as at 31 December 2018

Non-current assets	Note	£'000
Intangible assets	14	12,420
Tangible assets	15	4,276
Investments	16	1,949
Total non-current assets		**18,645**
Current assets		
Loan receivables	18	89,544
Trade and other receivables	19	3,947
Cash and cash equivalents	20	46,806
Total current assets		**140,297**
Total assets		**158,942**
Current liabilities		
Trade and other payables	21	3,217
Lease liabilities	22	229
Dividends payable	13	1,316
Total current liabilities		**4,762**
Total assets less current liabilities		**154,180**
Non-current liabilities		
Lease liabilities	22	3,576
Deferred tax	23	83
Total non-current liabilities		**3,659**
Net assets		**150,521**
Equity and reserves		
Share capital	24	1,700
Share premium	25	–
Retained earnings		148,821
Total equity and reserves		**150,521**

There are no comparatives as the Company was incorporated on 10 April 2018.

The Company Registration Number is 11302859.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 2 April 2019 and were signed on its behalf by:

Randeesh Sandhu
Chief Executive Officer

Consolidated statement of changes in equity

for the Period from 10 April 2018 to 31 December 2018

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 10 April 2018		–	–	–	–
Loss for the Period		–	–	(1,716)	(1,716)
Share-based payments	26	–	–	480	480
Dividends payable	13	–	–	(1,316)	(1,316)
Issue of share capital	24	1,700	163,300	–	165,000
IPO costs related to equity issue	25	–	(6,722)	–	(6,722)
Capital reduction	25	–	(156,578)	156,578	–
Share buyback	24	–	–	(5,205)	(5,205)
Balance at 31 December 2018		**1,700**	**–**	**148,821**	**150,521**

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

Consolidated cash flow statement

for the Period from 10 April 2018 to 31 December 2018

	Note	£'000
Cash flows from operating activities		
Loss for the Period after taxation		(1,716)
Adjustments for non-cash items:		
Amortisation of intangible assets	6	122
Share-based payments	7	480
Finance costs	10	12
Deferred tax credit for Period	11	(273)
		(1,375)
Changes in working capital		
Increase in payables		2,160
Increase in trade investments	16	(1,949)
Increase in receivables		(89,693)
Net cash outflow from operating activities		**(90,857)**
Cash flows from investing activities		
Payments for purchase of tangible assets	15	(410)
Net cash outflow from investing activities		**(410)**
Cash flows from financing activities		
Proceeds from the issue of share capital	24	150,000
Share issue expenses	25	(6,722)
Share buyback		(5,205)
Dividends paid		–
Net cash inflow from financing activities		**138,073**
Net increase in cash and cash equivalents		46,806
Cash and cash equivalents brought forward		–
Cash and cash equivalents at 31 December 2018	20	**46,806**

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 59 to 81 form an integral part of these Financial Statements.

Notes to the consolidated financial statements

for the Period from 10 April 2018 to 31 December 2018

1. General information and basis of preparation

General information

Urban Exposure 1 Plc was incorporated on 10 April 2018 as a public limited Company in England and Wales with Company registration number 11302859. The Company changed its name to Urban Exposure Plc on 27 April 2018 and its Ordinary Shares were admitted to trading on the Alternative Investment Market ('AIM'), operated by the London Stock Exchange, on 9 May 2018.

The registered office of the Company is 6 Duke Street, St. James's, London SW1Y 6BN. The Group's principal activity is the underwriting and management of loans to UK residential developers.

Period of account

The Consolidated Financial Statements of the Group are in respect of the reporting Period ('the Period') from 10 April 2018 to 31 December 2018.

Basis of preparation

The Consolidated Financial Statements of the Group for the Period comprise the results of Urban Exposure Plc (the 'Company') and its subsidiaries (together, the 'Group'). These Financial Statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union and in compliance with the Companies Act 2006.

The Financial Statements have been prepared on the historical cost basis, except for the trade investments and loan receivables held at fair value at the end of each reporting period, as explained in the accounting policies and in note 3. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The functional and presentational currency of the Group is Sterling.

The Company has applied the exemption allowed under Section 408(1b) of the Companies Act 2006 and has therefore not presented its own Statement of Comprehensive Income in these Financial Statements. The Group loss for the year includes a loss after taxation of £82,000 for the Company.

Going concern

The Directors have, at the time of approving the Financial Statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Board is, therefore, of the opinion that the going concern basis of accounting adopted in the preparation of the Annual Report is appropriate for at least 12 months from the date of approval of the Annual Report.

The Directors have made this assessment after reviewing the Group's latest forecasts for a period of 12 months from the reporting date.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 2 to 32. This includes, on pages 21 to 24, the Finance Review detailing the financial position of the Group, its cash flows and liquidity position. In addition, note 4 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of financial instruments, and its exposure to credit risk and liquidity risk.

New standards, interpretations and amendments effective from the beginning of the Period

New standards impacting the Group which have been adopted in the Financial Statements for the Period ended 31 December 2018 are:
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers
- IFRS 16 Leases

IFRS 9 Financial instruments

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

IFRS 9 introduces new requirements for:
1. The classification and measurement of financial assets and liabilities
2. The impairment of financial assets, and
3. General hedge accounting.

1. General information and basis of preparation continued

IFRS 9 Financial instruments continued

As this is the first Period since incorporation, the standard has been applied from the beginning of the Period.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
- For trade investments and loan receivables, the Group has reviewed the business model within which each financial asset is managed and concluded that all the loans from primary operating activities and equity investments should be measured at the Fair Value Through Profit and Loss ('FVTPL'). At initial recognition, the Group measures trade investments and loan receivables at fair value and any transaction costs are expensed to the income statement. Following initial recognition, these financial assets are subsequently valued at fair value on a recurring basis, with gains or losses arising from changes in fair value recognised through finance income in the income statement.
- Contract assets are those assets held to collect contractual cash flows. The contract assets which were acquired as part of the business combination are originated credit-impaired assets. These assets are monitored for changes in credit risk, and impairment provisions are adjusted accordingly.
- Financial liabilities being trade payables and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method.

IFRS 15 Revenue from contracts with customers

In the current period, the Group has applied IFRS 15 Revenue from contracts with customers (as amended in April 2016) which is effective from 1 January 2018. IFRS 15 introduces a five-step approach to revenue recognition. Prescriptive guidance has been added to IFRS 15 to deal with specific scenarios.

IFRS 15 uses the term 'contract assets' and 'contract liabilities' to describe what might commonly be known as 'accrued income' and 'deferred income'. The Group has adopted the terminology used in IFRS 15 to describe such balances. The term 'income' is in respect of management fees, performance fees and movement in contract assets.

The Group's accounting policies for its income streams are disclosed in detail in note 2.

IFRS 16 Leases

In addition, the Group has early adopted IFRS 16 and has included the right-of-use assets and lease liabilities in accordance with IFRS 16 from the beginning of the Period.

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:
- the right to obtain substantially all the economic benefits from the use of an identifiable asset; and
- the right to direct the use of the asset.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective for future accounting periods that the Group has decided not to adopt early. The most significant of these is:
- IFRIC Uncertainty over Income Tax positions (effective 1 January 2019).

It is expected that this will not have a material effect.

2. Significant accounting policies

Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and entities controlled by the Company (its subsidiaries) as at 31 December 2018. Subsidiaries are all entities over which the Company has control. The Company controls an investee when:
- it has power over the investee;
- is exposed, or has rights to variable returns from, its involvement with the investee; and
- has the ability to affect those returns through its power over the investee.

Notes to the consolidated financial statements continued

2. Significant accounting policies continued

Basis of consolidation continued

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as stated above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the ability to direct the relevant activities of the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group and the equity interest issued by the Group in exchange for control of the business or assets and liabilities. Acquisition-related costs are recognised in the income statement as incurred.

The identifiable assets acquired and liabilities assumed are recognised at their fair values at the acquisition date.

Goodwill is measured as the excess of the fair value of the consideration transferred over the fair value of the acquired assets less liabilities assumed at the acquisition date. If the fair value of the net assets acquired exceeds the fair value of the consideration transferred by the Group, this excess is recognised immediately in the income statement as a bargain investment gain.

Income recognition

The majority of the Group's revenue arises from movements in the fair value of loans receivable and trade investments which are held at fair value through profit and loss.

Asset management fees received from third parties for managing loan facilities are recognised in the income statement when the related service has been performed.

The Group receives carried interest from the third party loans it manages once those loans exceed a performance target. The recognition of variable consideration arising in relation to carried interest has been constrained in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the final carried interest is calculated.

Where there is a significant financing component included in the transaction price (for example where fees are payable at the termination of a loan for services provided at inception or during the term of the loan), the revenue recognised is calculated by discounting the future cash flows at the interest rate implicit in the loan.

Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group has become a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the income statement are recognised immediately in the income statement.

2. Significant accounting policies continued

Financial assets

Under IFRS 9, the Group is required to classify and measure financial assets according to the business model within which they are managed and the contractual terms of the cash flows. Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest. The Group has determined that contract assets, trade and other receivables, and cash and cash equivalents are financial assets which are measured at amortised cost.

Financial assets are measured at Fair Value Through Other Comprehensive Income ('FVTOCI') if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest. Other financial assets are measured at FVTPL.

The Group has reviewed the business model within which each financial asset is managed and concluded that loan receivables from primary operating activities should be measured at the FVTPL. The Group has also determined that certain trade investments meet the criteria for IFRS 9 and should be measured at FVTPL. For assets measured at FVTPL, at initial recognition, the Group measures the financial asset at its fair value and any transaction costs are expensed to the income statement. Following initial recognition, assets are subsequently valued at fair value on a recurring basis with gains or losses arising from changes in fair value recognised in the income statement.

Contract assets

Contract assets are purchased or originated credit-impaired financial assets. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. These assets are subsequently monitored for changes in credit risk, and impairment provisions are adjusted accordingly.

De-recognition of financial assets

A financial asset is derecognised when either the contractual rights to the cash flows expire, or the asset is transferred. The Group holds loan receivables until a suitable institutional capital provider gains control, and assumes the risks and rewards of the loan receivable. At that point, the transfer is recorded at the transfer value. This proportion of the loan qualifies for de-recognition. The proportion of the loan which is not transferred will remain as a loan receivable and continue to be valued at fair value.

Financial liabilities

Trade payables and other short-term monetary liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest rate method.

Intangible assets

Goodwill

Goodwill arising on the acquisition of subsidiaries or following a business combination is determined as detailed in the business combination accounting policy.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to the Group's Cash Generating Units (CGUs) expected to benefit from the synergies of the business combination. The CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that a unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit and recognised as an impairment in the income statement. Once an impairment loss is recognised, it cannot be reversed in a subsequent period.

On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of that unit.

Other intangible assets

Intangible assets with finite lives are acquired separately at cost less accumulated amortisation and accumulated impairment losses. The Group's intangible assets comprise of the brand name acquired by the Group.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value using the straight-line method over their estimated useful lives, and is recognised as a charge in the income statement. Amortisation methods, useful lives and residual values are reviewed at each reporting date, and are adjusted where appropriate.

Notes to the consolidated financial statements continued

2. Significant accounting policies continued

Other intangible assets continued

The estimated useful economic lives for the intangible assets are as follows:
Brands: 10 years

Leased assets

The Group has applied IFRS 16 Leases.

Leases are recognised when the Group enters into a contractual lease which conveys the right to control the use of identifiable assets for a period of time in exchange for consideration.

Upon lease commencement, a lessee recognises a right-of-use asset. If the right-of-use asset is an investment property, it is valued at fair value. Where the asset is property, plant or equipment, it is valued at the present value of the lease payment within tangible assets and separately identified as a right-of use tangible asset. Where the lease provides for variable elements, such as a rent review or rate increases linked to a specific index, the lease payments are initially measured at current rates. When the rate varies, this is a re-measuring event and the lease asset and liability is re-measured and treated as an adjustment to the right-of-use asset and lease liability.

The lease liability is initially measured at the present value of the lease payments payable over the lease term and discounted at the rate implicit in the lease if this can be readily determined. Where this cannot be readily determined, the Group's incremental borrowing rate is estimated and used to arrive at the present value of the lease payments. When a re-measurement event occurs, the lease liability is re-measured at this time.

The Group has elected not to apply IFRS 16 to leases with a lease term of less than 12 months or where the underlying asset has a low value when new. In such circumstances, the lease payments are expensed to the income statement as incurred and disclosed in the operating profit note.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of acquisition. The carrying value of these assets approximates their fair value.

Employee benefits

Share-based payments

The Group issues compensation to its employees under equity-settled share-based Long Term Incentive Plans ('LTIP'). The fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity and spread over the vesting period of the plan on a straight-line basis. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date, and is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the income statement with a corresponding adjustment to equity over the remaining vesting period.

Market vesting conditions are factored into the fair value of the options granted. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Equity

For the purpose of preparing the consolidated Financial Statements of the Group, the share capital represents the nominal value of the issued share capital of Urban Exposure Plc.

Treasury Shares

Where the Company purchases its own share capital (Treasury Shares), the consideration paid is set off against share premium. Where the share premium is nil, consideration above the nominal value of shares is debited against retained earnings. The proceeds from the sale of own shares held increase equity. Neither the purchase, cancellation nor sale of own shares leads to a gain or loss being recognised in the income statement.

2. Significant accounting policies continued

Dividend and capital distributions

Dividend and capital distributions to the shareholders are recognised in the Group's Financial Statements in the period in which they are declared and appropriately approved. Once approved, dividends are recognised as a liability and as a deduction from equity.

Taxation

Tax expense comprises current and deferred tax.

Current tax

Current Income Tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

Deferred tax

Deferred tax is provided on the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the Period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Earnings per share

Basic earnings per share are calculated by dividing profit after tax attributable to equity shareholders of the parent Company by the weighted average number of Ordinary Shares in issue during the period.

Diluted earnings per share requires that the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares. These arise from awards made under share-based incentive schemes. Share awards with performance conditions attaching to them are not considered to be dilutive if the share price on their exercise is above market price.

Provisions and contingencies

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made at the date of the Statement of Financial Position.

A contingent liability is a possible obligation that arises from past events or a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability. A contingent liability is disclosed but not recognised.

IPO expenses

Qualifying costs attributable to the primary issuance of shares are debited directly to equity. They include incremental costs that are directly attributable to issuing the primary shares, such as advisory and underwriting fees.

All other non-qualifying costs are taken to the Statement of Comprehensive Income.

Tangible assets

Leasehold assets, furniture, fixtures and fittings, and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset, on a straight-line basis over its expected useful life as follows:

Right-of-use assets are depreciated over their expected useful life based on the relevant lease term. Where a break clause is contained within the lease, an assessment is made as to whether this is likely to be exercised or not and the lease is depreciated based on the expected lease term.

Notes to the consolidated financial statements continued

2. Significant accounting policies continued

Tangible assets continued

The useful lives and depreciation rates applicable are as follows:

• Right-of-use leasehold	10 years
• Fixtures and fittings	10 years
• Furniture and office equipment	5 years
• Computer equipment	5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year, otherwise they are classified as non-current liabilities.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Segmental reporting

Under IFRS 8, operating segments are required to be determined based upon the Group's internal organisation and management structure and the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. In the case of the Group, the CODM is considered to be the Executive Committee.

The Executive Committee reviews the activities of the Group as a single operating segment.

The Group operates only in the United Kingdom and, as a result, no geographical segments are reported. The Group does not rely on any individual customer and so no additional customer information is reported.

The Group's Executive Committee is of the opinion that the Group is engaged in a single segment of the business and the operations of the Group are wholly within the United Kingdom.

Events after the balance sheet date

Post year-end events that provide additional information about the Group's position at the balance sheet date and are adjusting events are reflected in the Financial Statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments and estimates

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

(a) Determination of fair values

A number of assets and liabilities included in the Group's Financial Statements require measurement at, and/or disclosure of, fair value. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's-length transaction at the measurement date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements, is determined on such a basis, except for share-based payments that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3. Significant accounting judgments, estimates and assumptions continued

(a) Determination of fair values continued

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are unobservable inputs for the asset or liability.

The classification of an item into the above levels is based on the lowest level of the inputs that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period in which they occur. Further details of fair values are given in note 4.

(b) Business combinations

The Group identifies whether an acquisition is a business combination or the acquisition of assets and liabilities. The Group will then consider the carrying value of the assets and liabilities acquired in the case of a business combination and will need to assess whether fair value adjustments are required, and determine which factors impact on those valuations. The Group is also required to use judgment in determining the valuation of any non-cash consideration exchanged in the business combination. Details of the business combinations in the Period are included in note 27.

(c) Share-based payments

The Group operates two employee compensation schemes, settled in equity. The fair value of equity-settled share-based payment arrangements requires significant judgment in the determination of the valuation of options, or the assumptions regarding vesting conditions being met, which will affect the expense recognised during the period. These assumptions include the future volatility of the Company's share price, future dividend yield and the rate at which awards will lapse or be forfeited. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. The fair value attributed to the awards and hence the charge made to the income statement could be materially affected should different assumptions be made to those applied by the Group. Details of these assumptions are set out in note 26. The Group uses a professional valuer in the determination of the fair value of options at grant date.

(d) Valuation adjustments

The Credit Committee reviews each financial asset in the Group's portfolio. Assets which are underperforming are assessed for credit valuation adjustments. Typical events include, but are not limited to, non-payment of cash interest, breach of loan covenants, construction cost over-runs or significant reductions in gross development values.

(e) Deferred tax

In determining the quantum of deferred tax balances to be recognised, judgment is required in assessing the extent to which it is probable that future taxable profit will arise in the companies concerned and the timing of transactions.

4. Financial instruments – fair values and risk management

The Group is exposed through its operations to the following financial risks:

- credit risk
- liquidity risk
- market risk

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these Financial Statements.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the effect on the Group's financial performance. Risk management is carried out by the Board of Directors. It identifies, evaluates and mitigates financial risks. The Board provides written policies for credit risk and liquidity risk. These risks are dealt with in detail in Principal Risks & Uncertainties on pages 25 to 28.

Notes to the consolidated financial statements continued

4. Financial instruments – fair values and risk management continued

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:
- Loan receivables
- Investments
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

At 31 December 2018	Note	Carrying amount FVTPL £'000	Amortised cost £'000	Total £'000
Financial assets				
Investments	16	1,949	–	1,949
Loan receivables	18	89,544	–	89,544
Trade and other receivables	19	–	3,862	3,862
Cash and cash equivalents	20	–	46,806	46,806
Total financial assets		**91,493**	**50,668**	**142,161**
Financial liabilities				
Trade and other payables	21	–	3,217	3,217
Total financial liabilities		**–**	**3,217**	**3,217**

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables and trade and other payables. The carrying value of the trade assets and other receivables has been amortised to estimated net recoverable value where there are circumstances indicating that the full value will not be recovered. Due to the short-term nature of cash and cash equivalents and trade and other payables, the Directors consider that their carrying value approximates to their fair value.

(iv) Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value is provided below.

At 31 December 2018	Fair value Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Investments	–	–	1,949	1,949
Loan receivables	–	–	89,544	89,544
Total financial assets	**–**	**–**	**91,493**	**91,493**

The valuation techniques and significant unobservable inputs used in determining the fair value measurement at Level 2 and Level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial instrument	£'000	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Loan receivables	89,544	Initial transaction costs plus a pro rata share of fees plus accrued interest adjusted for changes in credit risks or market movements.	Profile and timing of loan drawdowns. It is assumed that loan can be syndicated to third parties at fair value.	The earlier the timing of the drawdowns and the higher the value of the drawdowns, the higher the fair value of the loan receivables
Equity investments	1,949	Initial transaction costs subsequently valued at fair value based on projected future earnings discounted at an appropriate discount rate.	Profile and timing of loan drawdowns which determine profile and timing of investment and returns on investment.	The earlier the timing of the drawdowns and the higher the value of the drawdowns, the higher the fair value of the investment.
Total financial assets	**91,493**			

4. Financial instruments – fair values and risk management continued

(iv) Financial instruments measured at fair value continued

The reconciliation of the opening and closing fair value balance of Level 3 financial instruments is provided below:

Reconciliation of fair value balances – Level 3	Loan receivables £'000	Investments £'000
Balance at 10 April 2018	–	–
New loans advanced/investments during Period	104,823	1,949
Loan repayments	(7,010)	–
Loans sold to asset management structures	(11,488)	–
Fair value through income statement	3,219	–
Transfers out of Level 3	–	–
Balance at 31 December 2018	**89,544**	**1,949**

Risk management framework

The Board has overall responsibility for the determination of the Group's risk management framework and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Chief Risk Officer ('CRO'). The Board receives regular updates from the CRO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Executive Committee also reviews the risk management policies and processes, and reports its findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness or flexibility.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Further details regarding the Group's risk management policies are set out below:

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit losses if borrowers are unable to repay loans and outstanding interest and fees. The Group has stringent underwriting criteria which include third-party valuations and a full legal documentation pack for each loan written by the Group.

At 31 December 2018, the maximum exposure to credit risk for financial assets by geographic region was as follows:

Analysis by geographic region	Loan receivables £'000	Investments £'000	Trade and other receivables £'000	Cash and cash equivalents £'000	Total £'000
Greater London	1,222	–	2,634	46,806	50,662
East of England	39,121	–	–	–	39,121
Midlands	–	–	582	–	582
South East	21,826	–	295	–	22,121
South West	7,469	–	254	–	7,723
North West	1,419	–	97	–	1,516
Wales	18,487	–	–	–	18,487
Outside of UK	–	1,949	–	–	1,949
	89,544	**1,949**	**3,862**	**46,806**	**142,161**

Four loan receivables represented £72,330,000 of the loan receivables balance. However, risk is mitigated on all loans as property assets relating to those loans plus other securities and guarantees are provided against all loans.

The cash and cash equivalents balances of £46,806,000 are held with a Regulated Bank given an A-2 rating by Standard & Poor's.

Notes to the consolidated financial statements continued

4. Financial instruments – fair values and risk management continued

(b) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. In order to manage liquidity risk, the Group prepares short-term and medium-term cash flow forecasts. These forecasts are reviewed centrally to ensure the Group has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The maturity analysis of the trade and other payables is given as below:

	0-1 month £'000	1-3 months £'000	3-6 months £'000	Total £'000
Trade and other payables	**873**	**367**	**1,977**	**3,217**

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the Period, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group does not commit to any loan to a borrower without clearly identifying how the loan will be funded over its life. The Group maintains a minimum level of liquidity to ensure that its projected operational costs are fully funded for 12 months.

(c) Market risk

Market risk is the risk that a change in the Group's bank funding rates will impact its return from lending. It is the risk that the fair value or future cash flows of loans will fluctuate because of changes in interest rates (interest rate risk).

The Group's financial assets and liabilities have interest rates applied as follows:

	Fixed and floating interest rate £'000	Floating interest rate £'000	Non-interest bearing £'000	Total £'000
Financial assets	–	–	–	–
Investments	1,949	–	–	1,949
Loan receivables	89,544	–	–	89,544
Trade and other receivables	–	–	3,862	3,862
Cash and cash equivalents	–	46,806	–	46,806
Total financial assets	**91,493**	**46,806**	**3,862**	**142,161**
Financial liabilities	–	–		
Trade and other payables	–	–	3,217	3,217
Total financial liabilities	**–**	**–**	**3,217**	**3,217**

The investments and loan receivables are valued at fair values determined by a number of factors including contractual interest rates applicable to loan receivables which are generally at a fixed % rate above LIBOR, which is variable.

The Group manages interest rate risk by ensuring that all loans are subject to a floor interest rate and move with changes in bank funding costs, or are appropriately hedged.

The following table shows the sensitivity of fair values grouped in Level 3 to changes in interest rates, for a selection of the largest financial assets. It is assumed that the interest rates were changed by 1% whilst all other variables were held constant.

	Value in Financial Statement £'000	+1% change in interest rate £'000	-1% change in interest rate £'000
Loan receivables	89,544	89,709	89,379
Investments	1,949	1,949	1,949
Balance at 31 December 2018	**91,493**	**91,658**	**91,328**

The fair values are subject to interest rate risk where there is a change in the market, including a change in LIBOR and the underlying bank base rate, or a change in the credit rating of the borrower.

4. Financial instruments – fair values and risk management continued

(d) Capital management

The Group monitors capital which comprises all components of equity (i.e. share capital, share premium, treasury capital and retained earnings). The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group's objective is also to provide an adequate return to shareholders by maintaining an optimum capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of debt to capital. During the Period, the Group did not have any loans and borrowing, and therefore the debt to capital ratio is 0%. The capital at the Period end is £150,521,000.

5. Income

The Group income for the Period was derived as follows:

	For the Period to 31 December 2018 £'000
Fair value income from loan receivables	3,219
Income from contract assets	679
Management fees	5
Total income	**3,903**

6. Loss for the Period

The Group operating loss for the Period is stated after charging:

	For the Period to 31 December 2018 £'000
Amortisation of intangible assets	**122**
Depreciation of right-of-use leasehold	**–**
Exceptional items note 9	**869**
Auditor's remuneration comprises:	
Fees payable to the auditor for the Group audit	112
Fees payable to the auditor for the audit of the subsidiaries	17
	129
Fees payable to the auditor and its related entities for other services:	
Audit-related assurance services	61
Tax compliance services	24
Tax advisory services	118
Other services	14
Fees for corporate finance services related to the IPO	210
Fees included within operating costs	556
Fees for corporate finance services related to the IPO charged to share premium	120
Total fees payable to auditor	**676**

Amounts payable to BDO inclusive of VAT in respect of audit and non-audit services are disclosed in the table above.

Although the right-of-use leasehold asset was acquired on 20 November 2018, it was not in a condition available for use until January 2019 and so it has not been depreciated in the Period.

Notes to the consolidated financial statements continued

7. Operating costs

The Group's operating costs are stated after charging:

	Before exceptional items £'000	Exceptional items total £'000	Total £'000
Staff costs	3,122	–	3,122
Share-based payments	480	–	480
Rent, rates and office costs	115	-	115
Marketing	113	–	113
Audit & accountancy	128	–	128
Legal & professional Fees	332	256	588
IPO costs	–	613	613
Other overheads	721	–	721
	5,011	**869**	**5,880**

Exceptional items are detailed in note 9.

8. Employee and key management emoluments

The employee and director costs during the Period were as follows:

	For the Period to 31 December 2018 £'000
Salaries	2,740
Social security costs	374
Contributions to defined contribution pension schemes	8
	3,122
Share-based payments (note 26)	480
	3,602

The average number of employees (including Directors) during the Period was as follows:

	Number
Management	6
Administrative	6
Sales & risk assessment	9
	21

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on pages 35 to 36.

	For the Period to 31 December 2018 £'000
Key management emoluments	
Salary	1,399
Other benefits	22
Social security costs	201
Contributions to defined contribution pension schemes	4
Emoluments before share-based payments	**1,626**
Share-based payments	270
	1,896

A detailed disclosure of directors' remuneration is set out in the Remuneration Committee Report on page 43.

9. Exceptional items

The following costs were identified as exceptional during the Period:

	For the Period to 31 December 2018 £'000
IPO costs	613
Exceptional legal and professional costs related to investments and syndication of loans	256
	869

Urban Exposure Plc's Ordinary Shares were admitted to trading on AIM on 9 May 2018. Costs of £613,000 related to the IPO were expensed as a one-off non-recurring cost.

Legal and professional costs incurred in setting up the syndication agreement with KKR. The set-up costs are an exceptional one-off cost in defining the arrangement between the parties and are considered exceptional in size.

10. Finance costs

	For the Period to 31 December 2018 £'000
Interest expense for right-of-use leased assets	12
	12

11. Taxation

	For the Period to 31 December 2018 £'000
Current tax	–
Deferred tax	273
Taxation credit for the Period	**273**

The standard current rate of tax for the Period ended 31 December 2018 is 19%.

Deferred tax has been accounted for at the substantively enacted Corporation Tax rate of 19%.

The tax for the Period is based on the loss before taxation and is computed as follows:

	For the Period to 31 December 2018 £'000
Loss before taxation	**(1,989)**
Tax based on loss for the Period at tax rate of 19%	(378)
Expenses not deductible for tax purposes	105
Tax credit for the Period	**(273)**

Notes to the consolidated financial statements continued

12. Earnings per share (EPS)

Basic earnings/loss per share (EPS) has been calculated based on the loss for the Period as shown in the Consolidated Statement of Comprehensive Income divided by the weighted average number of Ordinary Shares in issue.

Diluted EPS has been calculated based on the loss for the Period as shown in the Consolidated Statement of Comprehensive Income divided by the weighted average number of Ordinary Shares. Although 3,150,000 share options were in issue, as these would have an anti-dilutive effect they have not been included in the calculation of 'Weighted average number of shares for diluted earnings per share'. In the future, when a profit is generated, these will have a dilutive impact.

	For the Period to 31 December 2018 £'000
Loss for the Period	(1,716)
Loss for the Period excluding exceptional items (note 9)	(847)

	Number of shares
Weighted average number of shares for basic EPS	145,793,865
Dilutive effect of share options	–
Weighted average number of shares for diluted EPS	145,793,865

	For the Period to 31 December 2018
Basic loss per share	1.18p
Diluted loss per share	1.18p
Adjusted basic loss per share	0.58p
Adjusted diluted loss per share	0.58p

13. Dividends

	£'000
Interim dividend for the Period	1,316
Proposed final dividend for the Period	2,647

The Board approved an interim dividend of 0.83p per share on 17 December 2018 which was paid on 21 January 2019. This has been recognised as a liability at 31 December 2018.

A final dividend of 1.67p per share is proposed, payable to all shareholders on the Register of Members on 12 April 2019.

The proposed final dividend is subject to approval at the Annual General Meeting and has not been recognised as a liability at 31 December 2018. The payment of this dividend will not have any tax consequences for the Group.

14. Intangible assets

	Goodwill £'000	Brand £'000	Total £'000
Cost			
At 10 April 2018	–	–	–
Acquired during the Period	10,668	1,874	12,542
Cost at 31 December 2018	10,668	1,874	12,542
Amortisation			
At 10 April 2018	–	–	–
Charge for the Period	–	122	122
Amortisation at 31 December 2018	–	122	122
Net book value at 31 December 2018	**10,668**	**1,752**	**12,420**

The Group acquired the goodwill and the brand on acquisition of the business of Urban Exposure Investment Management LLP on 9 May 2018, as detailed in note 27.

Brands are amortised on a straight-line basis over their useful economic lives, currently estimated at 10 years.

Goodwill

The Group tests annually for impairment, or more frequently if there are indications that goodwill may be impaired.

The carrying amount of goodwill is allocated to CGUs. The directors consider that the goodwill is allocated to the overall business of Urban Exposure Plc as one CGU.

The recoverable amount is determined based on the value in use calculation. The use of this method requires the estimation of future cash flows and the determination of a discount rate to calculate the present value of the cash flow.

The basis on which the CGU's recoverable amount has been determined is the value in use of the asset over a five-year period, discounted at 5.45%, and assumes growth of the loans, primarily through asset management.

The Group has conducted an analysis of the sensitivity of the impairment testing to changes in the key assumptions used to determine the recoverable amount of the CGU to which goodwill is allocated. The directors believe that any reasonable change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

A 10% underperformance against forecast income would reduce the headroom but would show an aggregate value in excess of the carrying value of the CGU and hence would not result in an impairment charge. An increase in the discount applied to the cash flows of 5%, to 10.45%, would reduce the headroom but would show an aggregate value in excess of the carrying value of the CGU and hence would not result in an impairment charge.

Notes to the consolidated financial statements continued

15. Tangible assets

	Right-of-use short leasehold £'000	Furniture, fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 10 April 2018	–	–	–	–
Acquired during the Period	3,839	418	19	4,276
Cost at 31 December 2018	3,839	418	19	4,276
Depreciation				
At 10 April 2018	–	–	–	–
Charge for the Period	–	–	–	–
Depreciation at 31 December 2018	–	–	–	–
Net book value at 31 December 2018	**3,839**	**418**	**19**	**4,276**

A right-of-use short leasehold was acquired on 20 November 2018 and has been recognised as an asset in accordance with IFRS 16. The leasehold was not in a condition available for occupation and was not occupied until January 2019. The furniture, fixtures and fittings and computer equipment were acquired for the new office. As the date of first use of all the assets is January 2019, there was no depreciation charge for the Period ended 31 December 2018.

16. Investments

	£'000
Valuation	
At 10 April 2018	–
Acquired during the Period	1,949
Valuation at 31 December 2018	**1,949**

The Group entered into a partnership agreement with Kohlberg Kravis Roberts (KKR) in which the Group has a 9.1% interest. The purpose of the agreement is to make loans to real estate developers in the United Kingdom for the development of residential and mixed use properties. Under this agreement, KKR will invest up to £150m and Urban Exposure Plc will invest up to £15m in assets under management, with each party contributing as directed under the partnership agreement, as and when required. At 31 December 2018, the Group had invested £1,949,000 under this agreement and considers this to be the fair value as at that date.

The investments are classified as a trade investment under IFRS 9. Accordingly, they are financial assets measured at FVTPL. See note 4 for further disclosures.

17. Subsidiaries

The principal subsidiaries of Urban Exposure Plc, all of which have been included in these Consolidated Financial Statements, are:

Name of company	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December 2018	Principal activity
Urban Exposure Holdings Limited	United Kingdom	100%	Holding company
Urban Exposure Lendco Limited	United Kingdom	100%*	Development finance
UE SFA 1 Limited	United Kingdom	100%*	Asset management
Urban Exposure Amco Limited	United Kingdom	100%*	Support services

* Indirectly held by a subsidiary

All the subsidiaries are registered at 6 Duke Street, St. James's, London SW1Y 6BN.

UE SFA 1 Limited (formerly Urban Exposure Security Agent Limited) was incorporated on 3 May 2018.

Urban Exposure Holdings Limited, Urban Exposure Lendco Limited and Urban Exposure Amco Limited were acquired by Urban Exposure Plc on 9 May 2018. Further details are given in note 27.

18. Loan receivables

	As at 31 December 2018 £'000
Loan receivables	89,544
	89,544

Please see note 4 for further disclosures relating to financial assets.

19. Trade and other receivables

	As at 31 December 2018 £'000
Contract assets	3,409
Other receivables	453
Total financial assets	3,862
Prepayments	85
Total trade and other receivables	**3,947**
Less: non-current portion of trade receivables	(254)
Less: non-current portion of other receivables	(422)
Current portion	**3,271**

The carrying value of trade and other receivables classified at amortised cost approximates to fair value.

Contract assets were acquired on the business combination and are secured by a charge on the assets being developed and are repayable based on the expected sales of those assets. There is no movement in the impairment provision in the Period.

Included within trade receivables is a contract asset of £254,000 which is expected to be repaid after more than one year.

Included within other receivables is a deposit of £422,000 for the right-of-use lease asset which is repayable within five years subject to meeting certain criteria.

20. Cash and cash equivalents

	As at 31 December 2018 £'000
Cash and cash equivalents – unrestricted	**46,806**

All the cash and cash equivalents are held in Sterling.

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair values.

21. Trade and other payables

	As at 31 December 2018 £'000
Trade payables	1,096
Other creditors	117
Accruals	2,004
	3,217

The carrying value of trade and other payables is measured at cost which approximates to fair value.

Note 4 gives further disclosures and a maturity analysis of the financial liabilities.

All trade and other payables are payable within one year.

Notes to the consolidated financial statements continued

22. Lease liabilities

The lease liabilities, as measured at present value, mature as follows:

	As at 31 December 2018		
	Total £'000	Within 1 year £'000	After > 1 year £'000
Payable within 1 year	229	229	–
Payable between 1–2 years	325	–	325
Payable between 2–5 years	1,220	–	1,220
Payable after more than 5 years	2,031	–	2,031
	3,805	**229**	**3,576**

The lease liabilities are in respect of the right-of-use leasehold premises acquired towards the end of the Period for the new head office to facilitate the Group as it grows.

The leasehold agreement is for 10 years with a five-year tenant-only break clause. The Group anticipates that this will not be exercised and has measured the right-of-use leasehold asset and lease liabilities on this basis.

The lease agreement includes a variable annual service cost which has a maximum value linked to the RPI. The lease is subject to a rent review after five years. Both variations will be measured as and when they occur.

23. Deferred tax

The net deferred tax movement for the Period is as follows:

	Brand £'000	Accelerated capital allowances £'000	Other temporary timing differences £'000	Losses carried forward £'000	Total £'000
Balance at 10 April 2018	–	–	–	–	–
Deferred tax on intangible asset acquired (note 27)	(356)	–	–	–	(356)
Credit/(Charge) to income statement in Period	23	(37)	98	189	273
Deferred tax liability at 31 December 2018	**(333)**	**(37)**	**98**	**189**	**(83)**

Deferred tax has been accounted for at the substantively enacted Corporation Tax rate of 19%.

24. Share capital

Share capital for the Period has been issued as follows:

	Number	Value per share £'000	Ordinary Shares £'000	Deferred Shares £'000	Total £'000
Issued at 10 April 2018 on incorporation	1	1.00	–	–	–
Issued at 16 April 2018	49,999	1.00	50	–	50
Shares as at 30 April 2018	50,000		50	–	50
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018	5,000,000	0.01	50	–	50
Shares re-organised into Ordinary and Deferred Shares on 30 April 2018		0.01	(50)	50	–
Issued in share exchange on 9 May 2018	14,950,000	0.01	150	–	150
Issued at IPO on 9 May 2018	150,000,000	0.01	1,500	–	1,500
At 31 December 2018	**169,950,000**		**1,650**	**50**	**1,700**

24. Share capital continued

The movement in the number of shares during the Period is shown as below:

	Ordinary Shares number	Deferred Shares number	Treasury Shares number	Total number
Issued at 10 April 2018 on incorporation	1	–	–	1
Issued at 16 April 2018	49,999	–	–	49,999
Shares as at 30 April 2018	50,000	–	–	50,000
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018	5,000,000	–	–	5,000,000
Shares re-organised into Ordinary and Deferred Shares 30 April 2018	(4,950,000)	4,950,000		–
Issued in share exchange on 9 May 2018	14,950,000	–	–	14,950,000
Issued at IPO on 9 May 2018	150,000,000	–	–	150,000,000
Shares re-purchased as Treasury Shares on 14 November 2018	(6,505,870)	–	6,505,870	–
At 31 December 2018	**158,494,130**	**4,950,000**	**6,505,870**	**169,950,000**

The Company was incorporated on 10 April 2018. On incorporation, the Company issued 1 Ordinary Share of £1 at par value. On 16 April 2018, the Company issued another 49,999 shares of £1 each.

On 30 April 2018, the entire share capital of 50,000 Ordinary Shares was sub-divided into 5,000,000 Ordinary Shares of £0.01 each and re-organised into 50,000 Ordinary Shares of £0.01 each and 4,950,000 Deferred Shares of £0.01 each.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 9 May 2018, the Company entered into another share exchange agreement with the members of Urban Exposure Investment Management LLP and issued 7,798,700 shares of £0.01 each for a consideration of £7,848,700.

On 9 May 2018, the Company listed on AIM and issued 150,000,000 of £0.01 each at an issue price of £1.

On 14 November 2018, the Company re-purchased 6,505,870 £0.01 Ordinary Shares for a consideration of £0.80 per share through a share buyback. All the shares re-purchased are held as Treasury Shares.

The Ordinary Shares have full voting, dividend and capital distribution rights (including on a winding up). The Ordinary Shares do not confer any rights of redemption.

The Deferred Shares have no rights to dividends and no right to partake in a capital distribution (including on a winding up) before all other shareholders, neither do they confer any right to attend or vote at a general meeting of the Company.

25. Share premium

	As at 31 December 2018 £'000
Balance as at 10 April 2018	–
Share premium arising on Ordinary Shares issued	163,300
Share issue costs	(6,722)
Transfer to retained earnings	(156,578)
Balance at 31 December 2018	**–**

At 31 May 2018, a resolution was passed authorising, conditional on admission, the amount standing to the credit of the share premium account of the Company (less any issue expenses set off against the share premium account) to be cancelled and the amount of the share premium account so cancelled to be credited to retained earnings.

An application was made to the High Court to cancel the share premium account and judgment was obtained by Order of the High Court of Justice, Chancery Division, to approve the application and the share premium of £156,578,000 was cancelled and credited to retained earnings.

The SH19 form was submitted to Companies House with a copy of the Court Order on 24 July 2018.

Notes to the consolidated financial statements continued

26. Share-based payments

Following the IPO, the Group established equity-settled employee share schemes under which shares or share options are granted to employees or directors subject to the terms of the schemes:

There are two share option schemes in operation and both were set up during the Period.

The Long-Term Incentive Plan ('LTIP')

The LTIP enables the participants to acquire 'A' Ordinary Shares in Urban Exposure Holdings Limited ('A Ordinary Shares') as awards. On or after vesting, the participants may require the Company to acquire the A Ordinary Shares in exchange for the issue of Ordinary Shares in the Company. The acquisition price for the A Ordinary Shares shall be the nominal value of the shares.

The LTIP also grants share options to the participants with a nominal value exercise price. On exercise, the participants will be issued Ordinary Shares in the Company. The A Ordinary Shares and the share options will combine to deliver a maximum number of Ordinary Shares in the Company.

The options vest based on achievement of three separate measures for each of the periods ended 31 December 2018, 31 December 2019 and 31 December 2020, with a maximum of 550,000 shares available to vest in each period and a maximum number of 1,650,000 in total.

Measures:
1. Total shareholder return
2. Annualised return on equity
3. Annualised principal amount of committed loans made or arranged by the Company

Up to one ninth of the total LTIP share options will vest for achieving and exceeding each measure on an annual basis. Therefore 183,333 options are available for achieving each measure at each of the three period ends from 31 December 2018 to 31 December 2020.

The awards granted are subject to rigorous, stretching performance conditions as set by the Remuneration Committee on an annual basis.

Management Share Options ('MSO')

The MSO enables the participants to acquire A Ordinary Shares in Urban Exposure Holdings Limited as awards. On or after vesting, the participants may require the Company to acquire the A Ordinary Shares in exchange for the issue of Ordinary Shares in the Company. The acquisition price for the A Ordinary Shares shall be the nominal value of the shares.

The MSO also granted share options to senior management at the date of the IPO with an exercise price of 100p. On vesting, the participants will be issued Ordinary Shares in the Company.

Under the scheme, 1,500,000 share options were granted with an exercise price of 100p. The only vesting condition is that the holders remain within the employment of the Group. The options will vest on 9 May 2021.

The share-based payments for the Period included in operating costs comprise:

	For the Period 31 December 2018 £000's
Total share-based payment	**480**

26. Share-based payments continued

The following table illustrates the number and movement in share options during the Period:

	Number of options	Weighted average exercise price (pence)	Grant date/ (Lapsed date)	Vesting date	Weighted average remaining contractual life (years)
As at 10 April 2018	–				
LTIP share option issued	550,000	1	9/05/2018	31/12/2018	10 years
LTIP share option issued	550,000	1	9/05/2018	31/12/2019	10 years
LTIP share option issued	550,000	1	9/05/2018	31/12/2020	10 years
MSO issued	1,500,000	100	9/05/2018	31/12/2020	10 years
LTIP share options lapsed in Period	(366,666)		31/12/2018	09/05/2021	
	2,783,334				
Analysed as:					
Share options exercisable	183,333				
Share options not exercisable	2,600,001				
	2,783,334				

The fair value of the share-based payments for the LTIP and the MSO has been calculated based on the Black Scholes Pricing model with the following assumptions:

	LTIP	MSO
Current price (p)	100	100
Exercise price (p)	1	100
Risk-free rate of return	1.03%	1.03%
Volatility	24.23%	24.23%
Expected life of option (years)	5	5
Value per option (p)	**76.93**	**11.10**

27. Business combinations

On 9 May 2018, Urban Exposure Amco Limited, a 100% subsidiary of Urban Exposure Plc, acquired the business of Urban Exposure Investment Management LLP in exchange for 15,000,000 Ordinary Shares of £1.

	£'000
Fair value of consideration	
15,000,000 shares of £1 each	15,000
The following assets and liabilities were acquired:	
Net assets acquired at fair value:	
Intangible assets: brands	1,874
Trade and other receivables: contract asset	3,798
Trade and other payables	(984)
Deferred taxation	(356)
	4,332
Goodwill acquired	**10,668**

The primary reason for the acquisition was to acquire the original Urban Exposure business as a going concern including the goodwill, business information, IT system, the business name, business intellectual property rights, records and all other property, rights and assets used or intended to be used in connection with the business and it is these assets which represent the goodwill. The Company also acquired the rights to revenues in respect of contract assets which are included in trade and other receivables.

All assets and liabilities were valued at fair value at the date of acquisition. The book value of the contract assets acquired were £7,151,000 and these were adjusted to fair value of £3,798,000 at the date of acquisition.

Notes to the consolidated financial statements continued

28. Capital and financial commitments

As at 31 December 2018, there were no capital commitments for the Group.

The Group has £325 million of undrawn committed loan capital payable over the next four years. These commitments will be significantly reduced as and when they are syndicated to other lenders, or as and when the Group enters into co-lending arrangements with institutional investors.

The Group has entered into a partnership agreement with KKR with a commitment of up to £15 million and has made payments of £1,949,000 under this agreement during the Period. This leaves an outstanding financial commitment relating to the agreement of £13,051,000. See note 16 for further details.

29. Related party transactions

During the Period, the Group companies entered into the following transactions with related parties which are not members of the Group:

	Purchases – charges for payroll costs £'000	Purchases – charges for other costs £'000	Total purchases £'000	Amounts due to related parties at 31 December 2018 £'000
UE Finco Limited	93	235	328	85
Urban Exposure Limited	–	10	10	6
Urban Exposure Investment Management LLP	63	–	63	63
	156	**245**	**401**	**154**

Payroll and other operating costs were incurred on behalf of the Group and recharged at cost by the companies shown above.

Details of the directors' emoluments and of directors' interests are contained in the Remuneration Committee Report on page 41.

There were loan balances outstanding from the directors at the Period end of £6,000.

Dividends of £73,000 were paid to the directors and key managers of Urban Exposure Plc in respect of the interim dividend for 2018.

In addition, the following investments were acquired from related parties:

On 2 May 2018, Urban Exposure Plc acquired £100 Ordinary Shares in Urban Exposure Holdings Limited from R. Sandhu, a Company Director, for a consideration of £100.

On 9 May 2018, Urban Exposure Amco Limited issued 7,848,700 £1 shares to acquire the business assets of Urban Exposure Investment Management LLP in a share exchange with the members.

On 9 May 2018, Urban Exposure Plc acquired contract assets of £7,151,300 from Urban Exposure Holding Company (Jersey) Limited in exchange for 7,151,300 shares issued at a value of £1 each.

30. Post balance sheet events

The Group had no significant post balance sheet events requiring adjustment or disclosure.

Company statement of financial position

as at 31 December 2018

	Note	£'000
Fixed assets		
Investments	4	71,682
Total fixed assets		**71,682**
Current assets		
Trade and other receivables	6	72,926
Cash at bank and in hand		8,937
Total current assets		**81,863**
Total assets		**153,545**
Current liabilities		
Trade and other payables	7	1,390
Total current liabilities		**1,390**
Total assets less current liabilities		**152,155**
Net assets		**152,155**
Equity and reserves		
Share capital	9	1,700
Share premium	10	–
Retained earnings		150,455
Total equity and reserves		**152,155**

The Company's net loss after taxation for the Period was £82,000.

The Company Registration Number is 11302859.

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 84 to 89 form an integral part of these Financial Statements.

These Financial Statements were approved and authorised for issue by the Board of Directors on 2 April 2019 and were signed on its behalf by:

Randeesh Sandhu
Chief Executive Officer

Company statement of changes in equity

for the Period from 10 April 2018 to 31 December 2018

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 10 April 2018		–	–	–	–
Loss for the Period		–	–	(82)	(82)
Share-based payments		–	–	480	480
Dividends payable	8	–	–	(1,316)	(1,316)
Issue of share capital	9	1,700	163,300	–	165,000
IPO cost related to equity issue	10	–	(6,722)	–	(6,722)
Capital reduction	10	–	(156,578)	156,578	–
Share buyback	9	–	–	(5,205)	(5,205)
Balance at 31 December 2018		**1,700**	**–**	**150,455**	**152,155**

There are no comparatives as the Company was incorporated on 10 April 2018.

The notes on pages 84 to 89 form an integral part of these Financial Statements.

Notes to the company financial statements

for the Period from 10 April 2018 to 31 December 2018

1. General information and basis of preparation

Urban Exposure 1 Plc was incorporated on 10 April 2018 as a public limited Company in England and Wales with registration number 11302859. The Company changed its name to Urban Exposure Plc on 27 April 2018 and its Ordinary Shares were admitted to trading on AIM on 9 May 2018.

The registered office of the Company is 6 Duke Street, St. James's, London SW1Y 6BN.

The Company's principal activity is that of a holding company.

Period of account

The Company Financial Statements are in respect of the reporting Period ('the Period') from 10 April 2018 to 31 December 2018.

Basis of preparation

The Financial Statements of the Company have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgments in applying the Company's accounting policies.

The Company has applied the exemption allowed under Section 408(1b) of the Companies Act 2006 and has therefore not presented its own Statement of Comprehensive Income in these Financial Statements.

2. Significant accounting policies

Parent Company disclosure exemptions

In preparing the separate financial statement of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102.

- No cash flow statement has been presented for the parent Company;
- Disclosures in respect of the parent Company's financial instruments have not been presented, as equivalent disclosures have been provided in respect of the Group as a whole;
- Disclosures in respect of the parent Company's share-based payment arrangements have not been presented, as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Group as a whole.

Investments in subsidiaries

Investments in subsidiaries in the Company's Statement of Financial Position are recorded at cost less provision for impairments.

Contract assets

Contract assets acquired as part of the business combination are purchased or originated credit-impaired assets. These assets are subsequently monitored for changes in credit risk and impairment provisions are adjusted accordingly.

Cash at bank and in hand

Cash at bank and in hand comprise cash in hand, deposits held at call with banks, and other short-term highly liquid investments with a maturity of three months or less at the date of acquisition.

Taxation

Tax expense comprises current and deferred tax.

Current tax

Current Income Tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted.

Deferred tax

Deferred tax is provided on the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Notes to the company financial statements continued

2. Significant accounting policies continued

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Provisions and contingencies

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if a reliable estimate of the amount of the obligation can be made at the date of the statement of financial position.

A contingent liability is a possible obligation that arises from past events or a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability. A contingent liability is disclosed but not recognised.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year, otherwise they are presented as non-current liabilities.

Equity

The share capital represents the nominal value of the issued share capital of Urban Exposure Plc.

Treasury Shares

Where the Company purchases its own share capital (Treasury Shares), the consideration paid is set off against share premium. Where the share premium is nil, consideration above the nominal value of shares is debited against retained earnings. The proceeds from the sale of own shares held increase equity. Neither the purchase, cancellation nor sale of own shares leads to a gain or loss being recognised in the income statement.

Dividend and capital distributions

Dividend and capital distributions to the shareholders are recognised in the Company's Financial Statements in the period in which they are declared and appropriately approved. Once approved, dividends are recognised as a liability and recognised as a deduction from equity.

Events after the balance sheet date

Post year-end events that provide additional information about the Company's position at the balance sheet date and are adjusting events are reflected in the Financial Statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Company Financial Statements:

Investment in subsidiaries

The most critical estimates, assumptions, and judgments relate to the determination of carrying value of subsidiary investments and the carrying value of the loans that the Company has made to them. The nature, facts and circumstances of the investment or loan are taken into account on assessing whether there is any objective evidence of impairment.

Trade and other receivables

Trade and other receivables have been valued at amortised cost and are reviewed for effective evidence of impairment. Trade and other receivables include contract assets and amounts due from subsidiary undertakings and prepayments.

4. Investments

The investments are in respect of investment in subsidiary undertakings.

	£'000
Cost	
At 10 April 2018	–
Acquired during the Period	71,682
Cost at 31 December 2018	71,682
Impairment	
At 10 April 2018	–
Impairment for the Period	–
Impairment to 31 December 2018	–
Net book value at 31 December 2018	**71,682**

On 2 May 2018, Urban Exposure Plc acquired £100 Ordinary Shares in Urban Exposure Holdings Limited from R. Sandhu for a consideration of £100.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 9 May 2018, Urban Exposure Plc acquired a further £7,848,700 Ordinary Shares in Urban Exposure Holdings Limited in a share exchange with the members for a consideration of £7,848,700.

On 9 May 2018, share options were issued to the directors and employees of Urban Exposure Amco Limited. The fair value of this investment for the Period is £480,000.

On 16 October 2018, Urban Exposure Plc acquired a further £60,000,000 Ordinary Shares in Urban Exposure Holdings Limited.

5. Subsidiaries

The principal subsidiaries of Urban Exposure Plc are:

Name of company	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December 2018	Principal activity
Urban Exposure Holdings Limited	United Kingdom	100%	Holding company
Urban Exposure Lendco Limited	United Kingdom	100%*	Development finance
UE SFA 1 Limited	United Kingdom	100%*	Asset management
Urban Exposure Amco Limited	United Kingdom	100%*	Support services

* Indirectly held by a subsidiary

All the subsidiaries are registered at 6 Duke Street, St. James's, London SW1Y 6BN.

UE SFA 1 Limited (formerly Urban Exposure Security Agent Limited) was incorporated on 3 May 2018.

Urban Exposure Holdings Limited, Urban Exposure Lendco Limited and Urban Exposure Amco Limited were acquired by Urban Exposure Plc on 9 May 2018.

Notes to the company financial statements continued

6. Trade and other receivables

	As at 31 December 2018 £'000
Contracts assets	3,409
Amounts due from subsidiary undertakings	69,469
Prepayments	48
	72,926

Included within contract assets is a balance of £254,000 recoverable after more than one year.

7. Trade and other payables

	As at 31 December 2018 £'000
Trade payables	27
Dividends payable	1,316
Accruals	47
	1,390

8. Dividends

	£'000
Interim dividend for the Period	1,316
Proposed final dividend for the Period	2,647

The Board approved an interim dividend of 0.83p per share on 17 December 2018 which was paid on 21 January 2019. This has been recognised as a liability at 31 December 2018.

A final dividend of 1.67p per share is proposed payable to all shareholders on the Register of Members on 12 April 2019. The proposed final dividend is subject to approval at the Annual General Meeting and has not been recognised as a liability at 31 December 2018. The payment of this dividend will not have any tax consequences for the Company.

9. Share capital

Share capital for the Period has been issued as follows:

	Number	Value per share £'000	Ordinary Shares £'000	Deferred Shares £'000	Total £'000
Issued at 10 April 2018 on incorporation	1	1.00	–	–	–
Issued at 16 April 2018	49,999	1.00	50	–	50
Shares as at 30 April 2018	50,000	–	50	–	50
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018		0.01	50	–	50
Shares re-organised into Ordinary and Deferred Shares at 30 April 2018	5,000,000	0.01	(50)	–	–
Issued in share exchange on 9 May 2018	14,950,000	0.01	150	50	150
Issued at IPO on 9 May 2018	150,000,000	0.01	1,500	–	1,500
At 31 December 2018	**169,950,000**		**1,650**	**50**	**1,700**

9. Share capital continued

The movement in the number of shares during the Period:

	Ordinary Shares Number	Deferred Shares Number	Treasury Shares Number	Total Number
Issued at 10 April 2018 on incorporation	1	–	–	1
Issued at 16 April 2018	49,999	–	–	49,999
Shares as at 30 April 2018	50,000	–	–	50,000
Sub-division of 50,000 £1 shares converted to 5,000,000 1p shares at 30 April 2018	5,000,000	–	–	5,000,000
Shares re-organised into Ordinary and Deferred Shares at 30 April 2018	(4,950,000)	4,950,000	–	–
Issued in share exchange on 9 May 2018	14,950,000	–	–	14,950,000
Issued at IPO on 9 May 2018	150,000,000	–	–	150,000,000
Shares re-purchased as Treasury Shares on 14 November 2018	(6,505,870)	–	6,505,870	–
At 31 December 2018	**158,494,130**	**4,950,000**	**6,505,870**	**169,950,000**

The Company was incorporated on 10 April 2018. On incorporation, the Company issued 1 Ordinary Share of £1 at par value. On 16 April 2018, the Company issued another 49,999 shares of £1 each.

At 30 April 2018, the entire share capital of 50,000 Ordinary Shares were sub-divided into 5,000,000 Ordinary Shares or £0.01 each and re-organised into 50,000 Ordinary Shares of £0.01 each and 4,950,000 of Deferred Shares of £0.01 each.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 9 May 2018, the Company entered into another share exchange agreement with the members of Urban Exposure Investment Management LLP and issued 7,798,700 shares of £0.01 each for a consideration of £7,848,700.

On 9 May 2018, the Company listed on AIM and issued 150,000,000 of £0.01 each at an issue price of £1.

On 14 November 2018, the Company re-purchased 6,505,870 £0.01 Ordinary Shares for a consideration of £0.80 per share through a share buyback. All the shares re-purchased are held as Treasury Shares.

The Ordinary Shares have full voting, dividend and capital distribution rights (including on a winding up). The Ordinary Shares do not confer any rights of redemption.

The Deferred Shares have no rights to dividends and no right to partake in a capital distribution (including on a winding up) before all other shareholders, neither do they confer any right to attend or vote at a general meeting of the Company.

10. Share premium

	As at 31 December 2018 £'000
Balance as at 10 April 2018	–
Share premium arising on Ordinary Shares issued	163,300
Share issue costs	(6,722)
Transfer to retained earnings	(156,578)
Balance at 31 December 2018	**–**

On 31 May 2018, a resolution was passed authorising, conditional on admission, the amount standing to the credit of the share premium account of the Company (less any issue expenses set off against the share premium account) to be cancelled and the amount of the share premium account so cancelled to be credited to the retained earnings.

An application was made to the High Court to cancel the share premium account and judgment was obtained by Order of the High Court of Justice, Chancery Division, to approve the application and the share premium of £156,578,000 was cancelled and credited to retained earnings.

The SH19 form was submitted to Companies House with a copy of the court order on 24 July 2018.

Notes to the company financial statements continued

11. Related party transactions

Details of the directors' emoluments and of directors' interests are given in the Remuneration Committee Report on page 43.

Dividends of £73,000 were paid to the directors and key managers of Urban Exposure Plc in respect of the interim dividend for 2018.

In addition, the following investments (see note 4) were acquired from related parties:

On 2 May 2018, Urban Exposure Plc acquired £100 Ordinary Shares in Urban Exposure Holdings Limited from R. Sandhu, a Company Director, for a consideration of £100.

On 9 May 2018, the Company entered into a legacy receivables share exchange agreement with Urban Exposure Holding Company (Jersey) Limited, and as a result 7,151,300 Ordinary Shares of £0.01 each were issued for a consideration of £7,151,300.

On 16 October 2018, Urban Exposure Plc acquired a further £60,000,000 Ordinary Shares in Urban Exposure Holdings Limited.

Glossary

Term	Short term	Definition
Adjusted earnings per share	Adjusted EPS	Profit or loss after tax for the period, adjusted to exclude exceptional items, divided by the weighted average number of Ordinary Shares in issue over the same period.
Assets under management	AUM	External funds managed by the Group on behalf of investors, including banks and other capital providers.
Basic earnings per share	Basic EPS	Profit or loss after tax for the period divided by the weighted average number of Ordinary Shares in issue over the same period.
Blind pool		An investment into an unseeded investment vehicle (e.g. a fund with no loans at the date of investment).
Committed loans		The total amount (in £ sterling) of a loan facility to a borrower.
Diluted number of Ordinary Shares		The weighted average number of Ordinary Shares in issue, adjusted to assume conversion of all dilutive potential Ordinary Shares. These arise from awards made under share-based incentive schemes. Share awards with performance conditions attaching to them are not considered to be dilutive if the share price on their exercise is above market price.
Diluted earnings per share	Diluted EPS	Profit or loss after tax for the period, divided by the diluted weighted average number of Ordinary Shares in issue over the same period.
Exceptional items		Income or expenses which are one-off, non-recurring and exceptional in nature or size.
Fair value		Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's-length transaction at the measurement date.
Gross development value	GDV	Gross development value is the aggregate of the capital receipts from the sale of all the units in a development on the special assumption that the proposed development has been completed and 100% sold at today's date at current day values (whereby 'today's date' / 'current day' is the date of valuation).
House Price Index	HPI	The UK House Price Index (UK HPI) captures changes in the value of residential properties.
International Financial Reporting Standards	IFRS	International Financial Reporting Standards as adopted by the EU.
Internal rate of return	IRR	The internal rate of return is a discount rate that makes the net present value (NPV) of all cash flows from a particular project equal to zero; this is typically based on an annualised period.
Key Performance Indicators	KPI	A business metric used to evaluate factors that are key to the success of the Group and its key business components.
Loan-to-value	LTV	The amount of the loan expressed as a percentage of the gross development value of the asset.
Loan-on-loan line		A leverage facility providing finance backed on an underlying loan as collateral.
London Interbank Offered Rate	LIBOR	The basic rate of interest used in lending between banks on the London interbank market and also used as a reference for setting the interest rate on other loans.
Minimum Income Clause	MIC	A clause in a loan agreement which entitles the lender to a guaranteed minimum level of income.
Money multiple	MM	Money multiple is the expression of the return multiple relative to the amount invested, e.g. for a return of £20 on £100 invested, the MM would equate to 1.2 x.
Net Asset Value	NAV	Total equity shareholders' funds (equivalent to the value of the Group's net assets).
Net asset value per share	NAVPS	Net asset value as defined, divided by the closing number of Ordinary Shares in issue (adjusted for treasury shares).
Performance fees		Performance fees are the Group's remaining share of income once it has returned the cost of the investment and agreed preferred returns to investors and capital providers.
Projected aggregate income	PAI	Total projected income including interest and other connected income streams after return of initial investment, estimated to be earned over the life of the loan.

Glossary continued

Term	Short term	Definition
Return on equity	ROE	Profit attributable to Ordinary Shareholders in a period, divided by the average ordinary shareholders' equity over the same period.
Right-of-use asset		A right-of-use asset refers to a leased asset where the lease confers the right to obtain substantially all the economic benefits from the use of an identifiable asset, and gives the right to direct the use of that asset.
Teaming		Teaming is a dynamic activity, not a bounded, static entity as defined by 'team'. Professor Amy Edmondson of Harvard Business School coined the term which calls for developing both affective (feeling) and cognitive (thinking) skills and is enabled by distributed leadership. The purpose of teaming is to expand knowledge and expertise so that organisations and their customers can capture the value.
Total shareholder return	TSR	The growth in capital from purchasing a share in the Company assuming that the dividends are reinvested each time they are paid.
Underlying Earnings per Share		The same as adjusted earnings per share.
Unlevered		Unlevered means excluding the cost of debt, i.e. before taking interest payments into account.
Weighted average	WA	A weighted average is a type of average in which each observation in the data set is multiplied by a predetermined weight before the average is calculated. In calculating a simple average (arithmetic mean) all observations are treated equally and assigned equal weight. A weighted average assigns weights that determine the relative importance of each data point. Weightings are the equivalent of having that many like items with the same value involved in the average.

Directors and advisors of Urban Exposure Plc

DIRECTORS

DIRECTORS	ROLE
William Arthur McKee, CBE	Non-Executive Chairman
Randeesh Singh Sandhu	Chief Executive Officer
Trevor Keith DaCosta	Finance Director
Rabinder Singh Takhar	Chief Risk Officer
Andrew Martin Baddeley	Non-Executive Director
Nigel Peter Greenaway	Non-Executive Director

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