Registered number
07889226

Kuflink Bridging Limited

Annual Report and Financial Statements

For the year ended 30 June 2018

Kuflink Bridging Limited
Report and accounts
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Kuflink Bridging Limited
Company Information

Directors
Tejwant Singh CHATTHA
Nattalie Jane WEEKS

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Registered number
07889226

Kuflink Bridging Limited
Registered number: 07889226
Directors' Report

The directors present their report and the financial statements of Kuflink Bridging Limited ('the company') for the year ended 30 June 2018.

Principal activities
The company's principal activity during the year continued to be the provision of secured short term bridging finance facilities.

The company is responsible for originating, underwriting and arranging new bridging finance opportunities in the property development sector. The capital used to fund new lending is partially derived from the company's own debt and equity capital. However, once arranged, the majority of each loan is novated and financed by capital provided from individual investors introduced through the Kuflink peer to peer lending platform that is operated by Kuflink Ltd (an affiliated undertaking of the company).

Future developments
The company will continue to grow rapidly by expanding its network of brokers and borrowers. The directors do not envisage any change in the company's principal activitiy for the foreseeable future.

Going concern
The company has been loss making in the current year. However, the directors note that this loss is attributable to the discretionary spend inherent in supporting the business through a period of intense growth. Therefore, the directors do not expect the company to be loss making over the medium term.

The directors note that the company has net current assets and, in particular, that the maturity profile of the company's loan portfolio is expected to provide adequate liquidity to meet the company's commitments to its borrowers. The company has ensured that loans are secured with collateral such that, in the event of default, the company will be able to crystallise the underlying security in order to maintain liquidity. Finally, the directors note that the company has significantly increased the number of loans originated by the company; demonstrating an ability to continue to source appropriate investment opportunities and generate an underlying base from which to drive growth in profitability.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has a adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management

Given the operations of the company described above, the company's key financial risks include the credit risk associated with borrower default arising from the loan portfolio and the liquidity risk associated with having insufficient capital available to meet the company's obligations to its finance providers.

The company has limited financial exposure to currency risk or interest rate risk as the bonds issued and loans made by the company are in sterling at fixed rates of interest.

The credit risk described above includes a failure on behalf of the borrower to make interest or capital repayments as they fall due in accordance with the terms of the underlying loan agreements. The company's policies aim to minimise the risk of credit losses through the performance of due diligence on the creditworthiness of each borrower prior to entering into a loan agreement and through the receipt of adequate collateral to act as security in the event of default.

The liquidity risk described above is managed by aligning the maturity profiles for the repayment of capital and interest to the company's debt providers with the repayment profile of loans made to borrowers to ensure that the loan portfolio provides adequate liquidity to meet the company's commitments to its debt providers. This cash flow profile is monitored by management on an active basis throughout the year.

From an operational perspective, the key risk relates to the potential for non-compliance with the regulations issued by the Financial Conduct Authority that could lead to the company being subject to a fine or a ban on trading activities. This is managed through regular review of the company's compliance framework by Senior management.

The company will continue to have the financial risk management at the top of its agenda. Risk management framework is evolved on a regular basis and managed by providing clear risk policy & training.

Results and dividends

The results for the year are set out in Statement of Comprehensive Income on page 11. Dividends of £1,600,000 were paid to the company's parent company Kuflink Group Plc during the year. The directors do not recommend the payment of a final dividend.

Directors

The following persons served as directors of the company during the year and up to the date of this report:

Tejwant Singh CHATTHA	
Steven Frederick MOODY	(Resigned 18 September 2018)
Nattalie Jane WEEKS	(Appointed 23 November 2017)
Kevin Gordon BASSON	(Appointed 23 November 2017 and Resigned 23 November 2017)
Satwinder Singh BINNING	(Resigned 19 September 2017)
William Thomas BOOTH	(Resigned 4 October 2017)
Narinderjit KHATTOARE	(Resigned 23 November 2017)

Kuflink Bridging Limited
Registered number: 07889226
Directors' Report

Statement of Directors' responsibilities
The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Disclosure of information to the auditor
Each person who was a director at the time this report was approved confirms that:
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 March 2019 and signed on its behalf by:

Nattalie Jane WEEKS
Director

Kuflink Bridging Limited
Strategic Report

Kuflink Bridging Limited is pleased to present its strategic report for the year ended 30th June 2018.

Principal Activity of the Business

The company is responsible for originating, underwriting and arranging new bridging finance opportunities in the property development sector. The capital used to fund new lending is partially derived from the company's own debt and equity capital. However, once arranged, the majority of each loan is novated and financed by capital provided from individual investors introduced through the Kuflink peer to peer lending platform that is operated by Kuflink Ltd (an affiliated undertaking of the company).

Financial Results and Statement of Financial Performance

Kuflink Bridging began trading in December 2011 and has been one of the few start-ups to consistently return a profit and increases in revenue, although significant investments made by the wider Group this year to ensure our place as a market-leader going forward have resulted in our first reported loss.

This loss has been driven by a large increase in costs to support our sister company Kuflink Ltd, an online platform where investors can lend money to fund loans originated by Kuflink Bridging. As traffic through the Kuflink Ltd platform increases thanks to our targeted investments, we expect that Kuflink Bridging will again become profitable.

The underlying performance during this financial year reflects continued growth, with year on year revenues increasing by 12%.

Loan Book and Milestones

Kuflink Bridging's growing team, increased expertise and refined products have helped us to achieve substantial growth across the business. The loan book (inclusive of the loans novated to the Kuflink peer-to-peer platform) grew by over 50% during the financial year and has continued this trend since the year end.

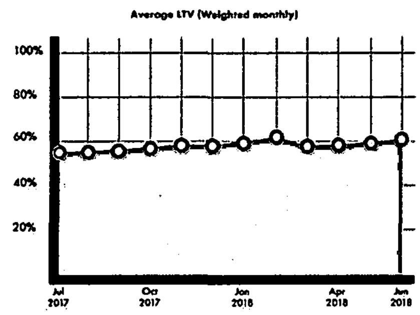
Continued Responsible Lending

Risk mitigation has been a major driving force

To support the team and enhance risk controls, Kuflink Bridging has appointed a Senior Underwriter with significant industry experience and strong credentials.

Kuflink is proud of achieving a loan book of its size through internal resources. Although Kuflink has been approached with funding proposals from external parties this year, our market analysis concluded that the best course of action was to ensure that we did not become overexposed in a cautious market. Instead, we focussed on achieving steady, sustainable growth with a view to exploring institutional funding options in the future.

However, we recognise that partnering with external finance providers can bring immense value and enable us to become more competitive. Our initial research has shown that there are many interested parties and, with the correct funding that suits all parties, the growth potential for Kuflink Bridging is exponential. At a business level, Kuflink Bridging has pledged to ensure that any future partnerships we enter will have no negative impact for our stakeholders.



Our credit committee considers loans to a maximum 75% of the security value, however we most often lend at a far lower LTV; Kuflink Bridging's average for this year is below 60%. This lower percentage promotes lower-risk opportunities for P2P lenders and in turn, a steadier source of funding for bridging and development purposes.

behind The Kuflink Group's investments this year.

Investments and Development

The Kuflink Group has invested heavily into improving our proprietary technology and IT infrastructure this year and, as aforementioned, developing our risk management and security procedures whilst growing our in-house talent. We continue to invest to bring our innovative ideas to the market and enhance our current product range.

Appointment of EY as new Auditor

Kuflink Bridging are proud to announce the engagement of EY as their new auditor. We have long since viewed the undertaking of a 'Big 4' firm as an essential part of our long-term plans, and are pleased to have brought this forward, ensuring that risk mitigation and compliance remain central as we expand. Kuflink appreciates and responds fully to the risk of financial loss or reputational damage arising from inadequate internal processes.

Enhancement of Talent

As a core element of our growth plans, Kuflink Bridging is continually assessing its resource requirements in line with our ambitions to expand into further financial sectors. In addition to, the hiring of a Senior Underwriter, Kuflink Bridging also hired another Qualified Accountant, and a Head of Operations & Human Resources.

In addition to this, Narinder Khattoare, CEO, joined the Association of Short-Term Lenders' Executive Committee this year, which is democratically elected by key figures in the industry, demonstrating his impressive reputation amongst our industry peers.

Workforce Development and Recognition

Kuflink Bridging has reviewed the Embankment Project for Inclusive Capitalism (EPIC) as part of its wider governance efforts and has built the recommendations into its strategic plans. The four main areas we have chosen to focus on are Talent, Innovation and Consumer Trends, Society and Environment, and Corporate Governance.

All Kuflink Ltd employees have been issued growth shares in its parent company, Kuflink Group Plc, as recognition of the role they play in the future of the business, and to enable them to share the benefits of our growth and success.

We have always recognised that our staff are the key to achieving sustainable and inclusive growth, and always look to fill positions through internal promotion where possible. In addition to this, we have deployed several company-wide initiatives aimed at retaining talent, from offering external training opportunities to promoting education with a view to internal progression.

London Office

Kuflink have this year opened a second office in Old Street, London, positioning ourselves at the very heart of the city's thriving tech scene. This modern office space gives our team instant access to industry peers and creates an inspirational environment for Kuflink to generate new ideas and retain a strong presence amongst key innovators.

Awards & Certification

Kuflink Bridging won 'Best Specialist Finance Provider' for the second consecutive year at the 2018 Property Wire Awards..

Kuflink Bridging is now ISO 27001 certified, reflecting the diligence with which we handle our clients' information across the group.

Social Contributions

The Kuflink Group is committed to making a positive difference within our community and has made significant financial contributions to a number of local causes in partnership with The Kuflink Foundation. The Foundation's work with charities including The Gr@nd, the Police Community, The Martin Roberts Foundation and Gifted Young Gravesham focusses largely on improving mental health, education and community provisions for young people across Kent. Keen to promote sport and fitness, The Kuflink Foundation are stadium sponsors of Ebbsfleet United FC, as well as supporting Kent Schools Rugby, numerous local football teams and Scout groups.

Potential Market Impacts

We may be more than two years on from the referendum, yet it is clear the semantics of leaving the EU are still up for debate. Kuflink Bridging pays close attention to the Brexit narrative as it develops and acknowledges that the housing market is likely to be affected by the resulting economic uncertainty, as well as the fact that borrowers and investors alike may exercise more caution during this time. However, our research points clearly towards a promising future for the UK property market and we note that, in many regions, house prices continue to rise substantially. To this end, we continue to invest heavily in new opportunities within both the bridging finance and P2P lending markets, as we assess that the fundamentals remain strong.

On behalf of the board

Nattalie Jane WEEKS

Director

Kuflink Bridging Limited
Independent auditor's report
to the members of Kuflink Bridging Limited

Opinion
We have audited the financial statements of Kuflink Bridging Limited ("the Company") for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the Company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

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

We have nothing to report in this regard.

Kuflink Bridging Limited
Independent auditor's report
to the members of Kuflink Bridging Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Kuflink Bridging Limited
Independent auditor's report
to the members of Kuflink Bridging Limited

Use of our report

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

Ernst + Young LLP

Neil Parker (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 21 March 2019

Kuflink Bridging Limited
Statement of Comprehensive Income
for the year ended 30 June 2018

	Notes	Year ended 30 June 2018 £	18 months ended 30 June 2017 £
Turnover	3	2,827,172	3,787,538
Cost of sales		(2,002,972)	(1,324,648)
Gross profit		824,200	2,462,890
Administrative expenses		(1,232,678)	(1,260,072)
Operating (loss)/profit	4	(408,478)	1,202,818
Interest receivable		52	-
Interest payable	7	(605)	-
(Loss)/profit on ordinary activities before taxation		(409,031)	1,202,818
Tax credit/(charge)	8	42,998	(82,099)
(Loss)/profit for the financial year/period		(366,033)	1,120,719
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year/period		(366,033)	1,120,719

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes to the accounts form an integral part of the financial statements.

Kuflink Bridging Limited Registered number 07889226

Statement of Financial Position

as at 30 June 2018

	Notes		2018 £		2017 £
Fixed assets					
Intangible assets	9		450,000		-
Tangible assets	10		165,682		183,274
Investments	11		1		-
Loans held at amortised cost falling due after more than one year	12		5,444,967		2,457,229
			6,060,650		2,640,503
Current assets					
Loans held at amortised cost	12	1,585,170		8,050,922	
Debtors	13	1,061,606		1,948,633	
Cash at bank and in hand		722,640		883,535	
		3,369,416		10,883,090	
Creditors: amounts falling due within one year					
Financial liabilities held at amortised cost	14	(2,166,200)		(4,591,514)	
Creditors	15	(474,729)		(215,561)	
		(2,640,929)		(4,807,075)	
Net current assets			728,487		6,076,015
Total assets less current liabilities			6,789,137		8,716,518
Creditors: Financial liabilities held at amortised cost falling due after more than one year	14		(3,839,876)		(3,770,512)
Provisions for liabilities					
Deferred taxation	16		(5,943)		(36,655)
Net assets			2,943,318		4,909,351
Capital and reserves					
Called up share capital	17		1,571		1,571
Share premium	18		2,438,976		2,438,976
Profit and loss account	19		502,771		2,468,804
Total shareholder's funds			2,943,318		4,909,351

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 20 March 2019.

Nattalie Jane WEEKS
Director

The notes to the accounts form an integral part of the financial statements.

Kuflink Bridging Limited
Statement of Changes in Equity
for the year ended 30 June 2018

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 January 2016	1,571	2,438,976	1,348,085	3,788,632
Total comprehensive income for the period	-	-	1,120,719	1,120,719
At 30 June 2017	1,571	2,438,976	2,468,804	4,909,351
At 1 July 2017	1,571	2,438,976	2,468,804	4,909,351
Total comprehensive loss for the financial year	-	-	(366,033)	(366,033)
Dividends	-	-	(1,600,000)	(1,600,000)
At 30 June 2018	1,571	2,438,976	502,771	2,943,318

The notes to the accounts form an integral part of the financial statements.

Kuflink Bridging Limited
Statement of Cash Flows
for the year ended 30 June 2018

	Notes	2018 £	2017 £
Operating activities			
(Loss)/profit for the financial year/period		(366,033)	1,120,719
Adjustments for:			
Interest receivable		(52)	-
Interest payable		605	-
Tax (credit)/charge		(42,998)	82,099
Depreciation		52,779	36,540
Amortisation of intangible fixed assets		150,000	-
Decrease in loans held at amortised cost			-
Additions		(6,465,350)	-
Repayments		9,553,083	-
Write offs		390,281	-
Decrease/(increase) in debtors		887,027	(3,804,132)
Increase/(decrease) in creditors		313,670	(978,475)
		4,473,012	(3,543,249)
Interest received		52	-
Interest paid		(605)	-
Corporation tax paid		(42,216)	(138,666)
Cash generated from/(used in) operating activities		4,430,243	(3,681,915)
Investing activities			
Payments to acquire intangible fixed assets		(600,000)	-
Payments to acquire tangible fixed assets		(35,187)	(194,366)
Payments to acquire investments		(1)	-
Cash used in investing activities		(635,188)	(194,366)
Financing activities			
Equity dividends paid		(1,600,000)	-
Proceeds from issue of borrowings		7,590,844	9,824,942
Amount paid on redemption of borrowings		(9,946,794)	(5,741,949)
Cash (used in)/generated by financing activities		(3,955,950)	4,082,993
Net (decrease)/increase in cash and cash equivalents			
Cash generated from/(used in) operating activities		4,430,243	(3,681,915)
Cash used in investing activities		(635,188)	(194,366)
Cash (used in)/generated by financing activities		(3,955,950)	4,082,993
Net cash (used)/generated		(160,895)	206,712
Cash and cash equivalents at start of the period		883,535	676,823
Cash and cash equivalents at end of the period		722,640	883,535
Cash and cash equivalents comprise:			
Cash at bank		722,640	883,535

The notes to the accounts form an integral part of the financial statements.

1 Summary of significant accounting policies

Basis of preparation
The financial statements have been prepared on the going concern basis and under the historical cost convention in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Companies Act 2006.

Turnover
Revenue is made up of three elements; interest receivable on loans, fees associated with the arrangement of the loans and other fees associated with loans. Interest receivable and arrangement fees are recognised on an accruals basis using the effective interest method over the term of the financial asset. All other revenue and interest receivable is recognised on an accrual basis.

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

An internally generated asset arising from the Company's development is recognised only if all of the following conditions are met:
-an asset is created that can be identified (such as software, system infrastructure and system security);
- it is probable that the asset created will generate future economic benefits; and
-the development costs of the asset can be measured reliably.
Amortisation is provided on all intangible assets, at rates calculated to write-off the asset evenly over the expected useful life.
Amortisation is charged as follows:

Intangible fixed assets	over 4 years - straight line basis

Tangible fixed assets
Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold and improvements	over 5 years - straight line basis
Fixtures and fittings	over 4 years - straight line basis

Investment in subsidiary
The investment is stated at cost less provision for any impairment in value. The investment is reviewed annually for impairment with any impairment in value recognised in the income statement.

Financial assets

Recognition and classification
Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.
Financial assets are initially measured at fair value net of transaction costs.

Loans
Loans made to borrowers by the company that have fixed or determinable repayment terms and that are not quoted in an active market are classified as loans and receivables and are measured at amortised cost, less any impairment.

Impairment of financial assets
At the year end, the company assesses whether there is any objective evidence that any of the loans made by the company have been impaired. A loan is deemed to be impaired if, there is objective evidence that one or more events have occurred since the initial recognition of the loan that have an impact on the estimated future cash flows of the loan and the impact can be reliably measured.

Evidence of impairment includes indications that the borrower is experiencing significant financial difficulty; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.
If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The impairment loss is recognised in statement of comprehensive income.

Derecognition of financial assets
Financial assets are derecognised by the company only when the company's contractual rights to the cash flows from the asset expire, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Debtors
Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors
Creditors are initially measured at fair value, which approximates to the amount expected to be required to settle the obligations of the company and subsequently measured at amortised cost.

Dividends
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Financial liabilities and interest payment
Financial liabilities are recognised when the company has a legal obligation as a result of entering into a contract with a third party. The loans issued by the company are classified as "other financial liabilities" and are initially measured at fair value, net of any transaction costs. They are subsequently measured at amortised cost. Financial liabilities are derecognised when the company's obligations are discharged, cancelled or expired. Other trade payables are initially recognised at fair value which approximates to the amount expected to be required to settle the obligation on behalf of the company.

Cost of sales
Cost of sales is made up of fees associated with the arrangement of the loans, sales promotions costs and platform fees payable to Kuflink Ltd for compensation for the cost incurred in relation to the ongoing operating and administration of its P2P platform.

Fees are recognised on an accruals basis.

Cash at bank and in hand
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Taxation
A current tax charge is recognised for the tax payable on the taxable profit of the current and past periods. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference. Current and deferred tax assets and liabilities are not discounted.

Provisions
Provisions are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Foreign currency translation
The company's functional and presentation currency is Pounds Sterling.
Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to statement of comprehensive income.

Judgements in applying accounting policies and key sources of estimation uncertainty
In applying the company's accounting policies, the Directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. The Directors are not aware of any significant judgements or significant sources of estimation uncertainty used in the preparation of the financial statements.

2 Financial risk management considerations

(i) Interest rate risk

The company does not have any significant direct exposure to variances in interest rates.

The company makes fixed rate loans to borrowers that are financed by the issuance of fixed rate borrowings. Both the loans made and the borrowings issued are measured at amortised cost. As a result, any future interest rate variances will have no direct impact on future cash flows (via interest payments or receipts) or the carrying value of the assets or liabilities held by the company.

The company's only asset that is subject to variable interest rates is the cash held at bank. None of the company's other assets and liabilities are interest bearing. As a result, a 1% increase or decrease in interest rates would not have a material impact on the net assets or profit of the company.

(ii) Credit risk

The company's maximum exposure to credit risk represents the aggregate carrying value of the loans held at amortised cost (see note 12), debtors (see note 13) and cash balances held by the company at 30 June 2018.

The credit risk associated with loans and associated accrued interest entitlements is managed through on-going due diligence that is performed to assess the ability of investees to meet their obligations as they fall due for payment. In addition, all loans are collateralised with the aggregate value of the collateral held by the company being £11,819,748 (2017: £2,053,807); representing a Loan to Value ratio of 64% (2017: 53%). This mitigates the risk that the company will lose the capital value of the loan in the event that an investee defaults.

The company holds cash balances only with reputable credit organisations with a strong credit rating.

(iii) Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company may encounter difficulties in meeting its financial obligations as they fall due.

The company's principal liquidity risk relates to having insufficient capital to make repayments of interest or capital to lenders as amounts fall due for payment. The table below shows the repayment profile of both interest and capital balances for the company's existing borrowing portfolio:

	Less than 1 year	More than 1 year	Total
Interest payable on all borrowings in existence to maturity	327,984	255,824	583,808
Repayment of capital on all borrowings in existence to maturity	2,166,200	3,839,876	6,006,076
Total	2,494,184	4,095,700	6,589,884

The company's other creditors are repayable on demand at balances that approximate to the carrying values shown in Note 15.

(iv) Currency risk

The company has no direct exposure to foreign currency risk as all loans made and the borrowings issued by the company are denominated in sterling.

(v) Capital risk management

The company is not subject to any externally imposed capital requirements with the exception of those imposed by the FCA.

The capital requirements are monitored by the directors on an ongoing basis to ensure that the company retains sufficient capital to meet these minimum requirements.

Kuflink Bridging Limited
Notes to the Accounts
for the year ended 30 June 2018

	Year ended 30 June 2018 £	18 months ended 30 June 2017 £
3 Analysis of turnover		
Loan interest receivable	2,263,732	3,390,460
Arrangement fees	346,210	227,155
Other fees	206,327	167,397
Other income	10,903	2,526
	2,827,172	3,787,538

All turnover are from services provided in the United Kingdom in respect of the company's principal activity.

	Year ended 30 June 2018 £	18 months ended 30 June 2017 £
4 Operating (loss) / profit		
The operating (loss) / profit of the company is stated after charging:		
Impairment of loans in the year	390,281	-
Depreciation of tangible fixed assets	52,779	36,540
Amortisation of intangible fixed assets	150,000	-
Operating lease rentals - land and buildings	125,260	95,521
Auditor's remuneration for audit services	14,000	36,010
	732,320	168,071

The auditor did not receive any remuneration in respect of non audit services provided to the company during the year.

	Year ended 30 June 2018 £	18 months ended 30 June 2017 £
5 Directors' emoluments		
Emoluments	128,565	168,445

	Year ended 30 June 2018 Number	18 months ended 30 June 2017 Number
Number of directors to whom retirement benefits accrued:		
Defined contribution plans	2	2

	Year ended 30 June 2018 £	18 months ended 30 June 2017 £
6 Staff costs		
Wages and salaries	629,974	429,444
Social security costs	53,653	12,196
Other pension costs	2,380	-
	686,007	441,640

Average number of employees of the company including Directors during the year	Number	Number
Administration	17	16
Development	4	3
Marketing	2	2
Sales	9	8
	32	29

7 Interest payable	**Year ended 30 June 2018 £**	**18 months ended 30 June 2017 £**
Bank charges and similar expenses	605	-

8 Taxation	**Year ended 30 June 2018 £**	**18 months ended 30 June 2017 £**
Analysis of (credit) / charge in period		
Current tax:		
UK corporation tax (credit) / charge on (loss) / profit for the period	-	54,502
Adjustments in respect of previous periods	(12,286)	(3,969)
	(12,286)	50,533
Deferred tax:		
Origination and reversal of timing differences	(30,712)	31,566
Tax (credit) / charge on (loss)/profit on ordinary activities	(42,998)	82,099

Factors affecting tax charge for period
The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2018 £	**2017 £**
(Loss)/profit on ordinary activities before tax	(409,031)	1,202,818
Standard rate of corporation tax in the UK	19%	20%
	£	£
(Loss) / Profit on ordinary activities multiplied by the standard rate of corporation tax	(77,716)	240,564
Effects of:		
Expenses not deductible for tax purposes	104,837	-
Group relief	(30,463)	(186,062)
Deferred tax	-	31,566
Adjustments to tax (credit)/charge in respect of previous periods	(12,286)	(3,969)
Fixed asset timing differences	(27,370)	-
Total tax (credit)/charge for period	(42,998)	82,099

Factors that may affect future tax charges
In the Finance Act 2016, which received Royal Assent on 15 September 2016, the UK Government announced a reduction in the rate of UK corporation to 17% effective from 1 April 2020. The reduced rate of UK corporation tax will affect future tax payments to be made by the Company and have been taken into account in calculating deferred tax.

9 Intangible fixed assets

	£
Cost	
At 1 July 2017	-
Additions	600,000
At 30 June 2018	600,000
Amortisation	
At 1 July 2017	-
Provided during the year	150,000
At 30 June 2018	150,000
Carrying amount	
At 30 June 2018	450,000

10 Tangible fixed assets

	Leasehold Improvements	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 July 2017	178,723	59,673	238,396
Additions	5,100	30,087	35,187
At 30 June 2018	183,823	89,760	273,583
Depreciation			
At 1 July 2017	19,333	35,789	55,122
Charge for the year	36,087	16,692	52,779
At 30 June 2018	55,420	52,481	107,901
Carrying amount			
At 30 June 2018	128,403	37,279	165,682
At 30 June 2017	159,390	23,884	183,274

11 Investments

	Investments in subsidiary undertakings
	£
Cost	
At 1 July 2017	-
Additions	1
At 30 June 2018	1

The company holds 20% or more of the share capital of the following company:

Company	Shares held Class	%	Capital and reserves £	Profit for the year £
Kuflink HWC Limited	Ordinary	100	1	-

Kuflink HWC Limited is incorporated in the UK, and it remained dormant throughout the period.

12 Loans at amortised cost

	Current 2018 £	Non-current 2018 £	Total 2018 £
Opening par value of loans	8,050,922	2,457,229	10,508,151
Additions	1,733,477	5,240,463	6,973,940
Repaid loans	(8,442,994)	(1,110,089)	(9,553,083)
Loans written off	(390,281)	-	(390,281)
Transfers from non-current to current portion	1,137,865	(1,137,865)	-
Closing par value of loans	2,088,989	5,449,738	7,538,727
Unamortised costs	(503,819)	(4,771)	(508,590)
Carrying value at 30 June 2018	1,585,170	5,444,967	7,030,137
Carrying value at 30 June 2017	8,050,922	2,457,229	10,508,151

13 Debtors

	2018 £	2017 £
Amounts owed by group undertakings	946,823	1,795,660
Other debtors	1,050	19,248
Prepayments	113,733	133,725
Accrued income		
	1,061,606	1,948,633

14 Financial liabilities held at amortised cost

	Current 2018 £	Non-current 2018 £	Total 2018 £
Opening carrying value of loans	4,591,514	3,770,512	8,362,026
Additions	4,692,177	2,898,667	7,590,844
Repaid loans	(6,025,142)	(3,921,652)	(9,946,794)
Transfers from non-current to current portion	(1,092,349)	1,092,349	-
Carrying value at 30 June 2018	2,166,200	3,839,876	6,006,076

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	426,259	51,494
Amounts owed to group undertakings	-	10,502
Corporation tax	-	54,502
Other taxes and social security costs	32,044	23,981
Accruals and deferred income	16,426	75,082
	474,729	215,561

Kuflink Bridging Limited
Notes to the Accounts
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16 Deferred taxation

	2018 £	2017 £
Accelerated capital allowances	5,943	36,655

	2018 £	2017 £
At 1 July	36,655	5,089
(Credited)/charged to Statement of Comprehensive Income	(30,712)	31,566
At 30 June	5,943	36,655

17 Share capital

	Nominal value	2018 Number	2018 £	2017 £
Allotted, called up and fully paid:				
Ordinary shares "A"	£0.0001 each	10,500,000	1,050	1,050
Ordinary shares "B"	£0.0001 each	5,208,825	521	521
			1,571	1,571

18 Share premium

	2018 £	2017 £
At 1 July	2,438,976	2,438,976
At 30 June	2,438,976	2,438,976

19 Profit and loss account

	2018 £	2017 £
At 1 July	2,468,804	1,348,085
(Loss)/profit for the financial year/period	(366,033)	1,120,719
Dividends	(1,600,000)	-
At 30 June	502,771	2,468,804

20 Dividends

	2018 £	2017 £
Dividends on ordinary shares (note 19)	1,600,000	-

21 Financial commitments

The company had total future minimum lease payments under non-cancellable operating leases falling due for payment as follows:

	Land and buildings 2018 £	Land and buildings 2017 £	Other 2018 £	Other 2017 £
Amount due within one year	48,000	48,000	-	-

22 Related party transactions

The company has taken the advantage of the exemption allowed by FRS 102, "Related party disclosures", not to disclose any transaction with members of the group of Kuflink Group Plc where 100% of the voting rights of those companies are controlled within that group.

23 Remuneration of key management personnel

The remuneration of key management personnel, which include both the directors and other employees of the Company that are deemed to meet the definition of key management, is as follows:

	2018 £	2017 £
Aggregate compensation	386,865	142,301
	386,865	142,301

24 Controlling party

Kuflink Bridging Limited is 100% owned by Kuflink Group Plc. The registered address of the parent company is 21 West Street, Gravesend, Kent, DA11 0BF. Consolidated accounts that include the result of the company are prepared by Kuflink Group Plc.

25 Presentation currency

The financial statements are presented in Sterling.

26 Legal form of entity and country of incorporation

Kuflink Bridging Limited is a private company limited by shares and incorporated in England.

27 Principal place of business

The address of the company's principal place of business and registered office is:

21 West Street
Gravesend
Kent
DA11 0BF