Registered number
07889226

Kuflink Bridging Limited

Annual Report and Financial Statements

For the year ended 30th June 2022

Officers and professional advisors' Information

Directors
Tejwant Singh Chattha
Nattalie Jane Weeks

Auditor
MHA Macintyre Hudson
6th Floor
2 London Wall Place
London
EC2Y 5A

Registered office
21 West Street
Gravesend
Kent
DA11 0BF

Registered number
07889226

Bankers
NatWest Bank Plc

Strategic Report

Kuflink Bridging Limited is pleased to present its strategic report for the year ended 30th June 2022.

Purpose

In line with Kuflink Group's purpose of Connecting People to Financial Freedom.

Mission Statement

To increase shareholders' value and provide magnificent service and innovative products to customers through efficacious corporate governance, favourable work environment & contributing towards an equitable socioeconomic growth.

Core Values

Highest quality of service, risk mitigation, professionalism and integrity.

Principal Activity

The principal activity of Kuflink Bridging Limited is as an originator of bridging loans

Business Model

The Group consists of the parent Company, Kuflink Group Plc, and 100% owned subsidiaries Kuflink Limited, Kuflink Bridging Limited, Kuflink One Limited, Kuflink Home Loans Limited and Kuflink Security Trustees Limited. All the above subsidiaries, other than Kuflink Security Trustees Limited are authorised and regulated by the Financial Conduct Authority (FCA).

Kuflink Limited owns and manages the peer-to-peer (P2P) lending platform and is authorised as an operator of an electronic lending system and to hold client money under CASS 7 rules. It acts as a financial intermediary; matching individual lenders with borrowers in the property lending sector that are seeking capital in the form of short-term bridging finance facilities, conducted in accordance with the framework in Article 36H of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001. Corporate lenders enter into a corporate lender agreement on the platform. For the service of P2P platform funding, Kuflink Limited receives an agreed income from Kuflink Bridging Limited.

Kuflink Bridging Limited is authorised to carry out credit broking, debt administration and collection. The loans that are originated by Kuflink Bridging Limited are then matched to P2P lenders on the platform and Kuflink Bridging takes up to 5% exposure which both evidence 'skin in the game' and acts as a first loss piece for any impairments on the underlying loan. Any further impairments on the lending would be borne by the P2P lenders.

Kuflink Limited receives revenue from Kuflink Bridging Limited as compensation for costs incurred by it in relation to on-going development and operation of the P2P platform. In the medium term, Kuflink Bridging Limited will pay Kuflink Limited's fee. No additional funding has been required from Kuflink Group Plc during the financial year to 30th June 2022 (2021: £0.3m), the requirement has been reduced during the year and the Directors do not anticipate additional capital funding to be required going forward.

Kuflink One Limited is authorised as a Registered Account Information Service Provider (AISP) - Open Banking. This licence gave the IT team the ability to use the power of open banking to top up P2P client balance transfers instantaneously.

Strategic Report (continued)

Business Model (continued)

Kuflink Home Loans Limited is authorised to enter into a regulated mortgage contract as a lender and to administer a regulated mortgage contract.

Key Events

- Kuflink reaches **£225m** invested milestone. (October 2022).
- Kuflink achieves & maintains Trustpilot **Excellent** score of **4.8**. (November 2022).
- Kuflink continues to maintain a **maximum 5-star** Rating at Defaqto. (November 2022).
- Kuflink continues to maintain an **Exceptional 3/3** 4thWay PLUS Rating. (November 2022).
- Kuflink achieves **ISO27001 (UKAS)** Certification (March 2022).
- Kuflink reaches **2nd spot** in Peer to Peer & Online Lending funding in UK (source P2PMarketData.com (November 2022).
- Kuflink reaches **top 14** in Peer to Peer & Online Lending funding across Europe (source P2PMarketData.com (November 2022).
- Kuflink has completed a **BCorp Impact Assessment** (Environment, Social and Governance requirements) scoring well above the minimum requirement of **80** (unverified by B Lab standards Team as we are still waiting for the BCorp audit to be concluded). (On 25th July 2022).
- Kuflink completed **3 Consumer Surveys** as part of their Consumer Duty commitments. Kuflink results for clients scoring "happy" regarding Kuflink's Customer Service – **98%** (June 2022)

Performance

Our metrics

- Zero Losses on the P2P Platform since inception (2016).
- Employee Satisfaction Index: 100% (Feb 2022: 95%).
- Return on Assets: 24.6% (2021:12.6%), operating profit divided by net assets, (Increased by 12%).
- Net Interest margin: 6.3% (2021:6.3%), net interest income divided by average loan amount.

Our people

Kuflink is led by a richly experienced expert Senior Management Team which firmly positions Kuflink for successful execution of our long-term growth strategy.

- Experienced Underwriting team;
- Experienced Credit Committees (as developers, valuers, and bankers);
- Experienced Accountants;
- Experienced Collections Team;
- Experienced Proprietary Software Developers;
- Experienced Board of Directors;
- Experienced Independent Non-Executive Directors

The Directors expect to grow the Kuflink P2P platform and as this happens, there will be continued enhancement of our Internal control framework, risk assessment framework and implementation of new regulations such as the introduction of the new Consumer Duty by the FCA to provide clearer standards of consumer protection across financial services.

Strategic Report (continued)

Performance (Continued)

Our third-party service providers

- Royal Institution of Chartered Surveyors - RICS approved valuers;
- AML/KYC: Onfido, MangoPay and Creditsafe;
- Debit Card Service Provider: Stripe; (Post Period End)
- Credit Bureau Agencies: Experian, Equifax, TransUnion, and CIFAS
- Solicitors Regulation Authority - SRA-approved Solicitors;
- Independent ISO27001 Auditors;
- Independent Statutory Account Auditors; and
- Independent Bcorp Impact Assessment ESG Auditors;

Our technology

- The In-house Technology team ensures it continues to innovate by adding new features to the Kuflink P2P platform and Loan management/origination system and providing more solutions as feedback is received from the Kuflink team and clients.
- Through relentless striving in technological enhancements and efficiencies, brokers, borrowers and lenders benefited as evidenced in our Consumer Surveys and 3rd party platforms.
- Our proprietary systems are scalable and have the benefit of using machine learning to enhance user experience and analytics and have real-time reports to management through data-feeds.
- A new requirement to strengthen operational resilience in the Payment Services sector (Open Banking - Kuflink One Ltd), continues to be undertaken across the whole Kuflink Group.
- Introducing a proprietary Kuflink Lending Matrix into the Origination system which allows checks and offers to be made instantaneously, through the new broker Portal.

Our Operations

- Worked with existing and new Borrowers in mitigating risks in regards their bridging and development requirements
- Introduction of the new Automated Valuation Model (AVM)
- Continued trading with full operations through Covid-19, including the secondary market which served our clients well when they required funds from their investments.
- Continued trading with full operations through financial head winds because of the Sept 2022 Mini Budget, including the secondary market which served our clients well when they required funds from their investments (post period end).
- Although remote working is fully operational, office working has come back to full strength.

Strategic Report (continued)

Performance (continued)

Business Development

- During the Covid-19 pandemic the Group conducted a strategic review of the business and the growth plans that we have. The Group has restructured and expanded its origination team as well as designing new products to bring to the market including Buy-to-Let mortgages and consumer second charge loans.
- We have also entered into discussions with a number of institutions to introduce a structured funding line to the business to complement the Peer-to-Peer platform.
- Our meticulousness, calibre and experience of people, business track record and distinguished business model attracts more and more lenders who are looking to work with our proven high-quality platform, it has also enabled the business to liaise with institutional funders which we hope will drive the business forward in the coming years.
- The Directors feel that we are now able to achieve our target of expanding our loan book dramatically over the next 4 years which in turn should produce the yearly profits we have shown in our forecasts.

Environmental, Social & Governance (ESG)

Environmental

Working towards becoming Carbon neutral is central to our business, such as migrating remaining systems to the cloud.

- Introduction of Cycle to Work Program for all employees this year.
- Established electric car charging points at Head Office and at our Business Continuity Site since August 2021.
- Switching to being fully paperless within the next year.
- Moving to new purpose-built energy efficient premises within the next 2 years.
- Working with property developers to ensure there are "Green" Elements within the development.

Social

- Developing socially responsible products
- Working within the local community
- Considering all stakeholders

Strategic Report (continued)

Environmental, Social & Governance (ESG) (continued)

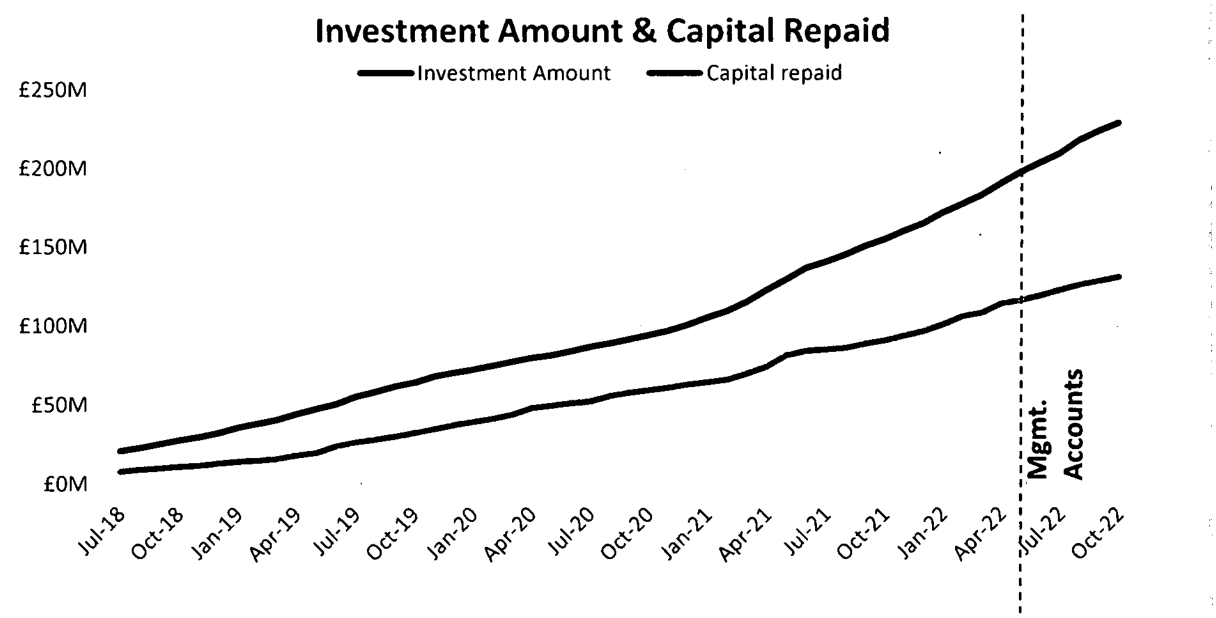
Governance

- Risk mitigation and enhancing our Internal Control Framework continues to be one of Kuflink's key drivers. The Directors have created a culture of meticulous governance and a controlled environment, which is required as the business grows as per the strategic forecast.
- The Group enhances its governance through regular meetings of their committees which strengthens areas of the business such as Finance and Treasury, Credit, Collections, Technology and Compliance/Client Money Assets. Committees' formation dates: Technology Committee (March 2018), Remuneration committee (July 2019), Nomination committee (July 2019), Audit committee (July 2019), Asset & Liability committee (ALCO) (July 2019), Executive committee (EXCO) (July 2019), Wind Down planning committee (March 2020), and Development committee (July 2021).
- A contingency wind down plan (WDP) is designed so that, if triggered, Kuflink can wind down the platform loan book to zero within two years. The two-year expenses for a wind down and 1 months fixed overhead costs have been predicted and these funds have been put aside in a segregated bank account.

Kuflink P2P Platform

The Kuflink Platform has seen a record level value of £71 million deals (2021: £43m) go live in the year to 30 June 2022 and the number of active users has reached 7,651 in June 2022 (2021: 6,670). Cumulative investments on the platform have grown substantially, hitting key milestones along the way. This financial year saw Kuflink Peer-to-Peer (P2P) platform investments reach £204 million in June 2022 (2021: £137m). This does not incorporate redemption on maturity of investment. There has also been capital repayment of £119 million in June 2022 (2021: £84m).

Investment Amount and Capital Repaid



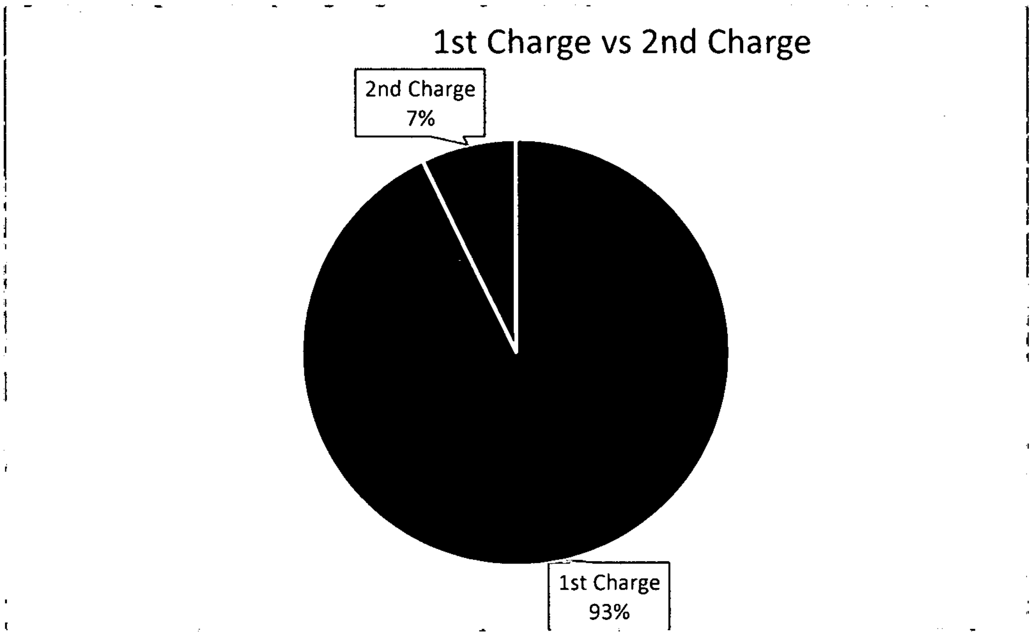
Strategic Report (continued)

Key Performance Indicators

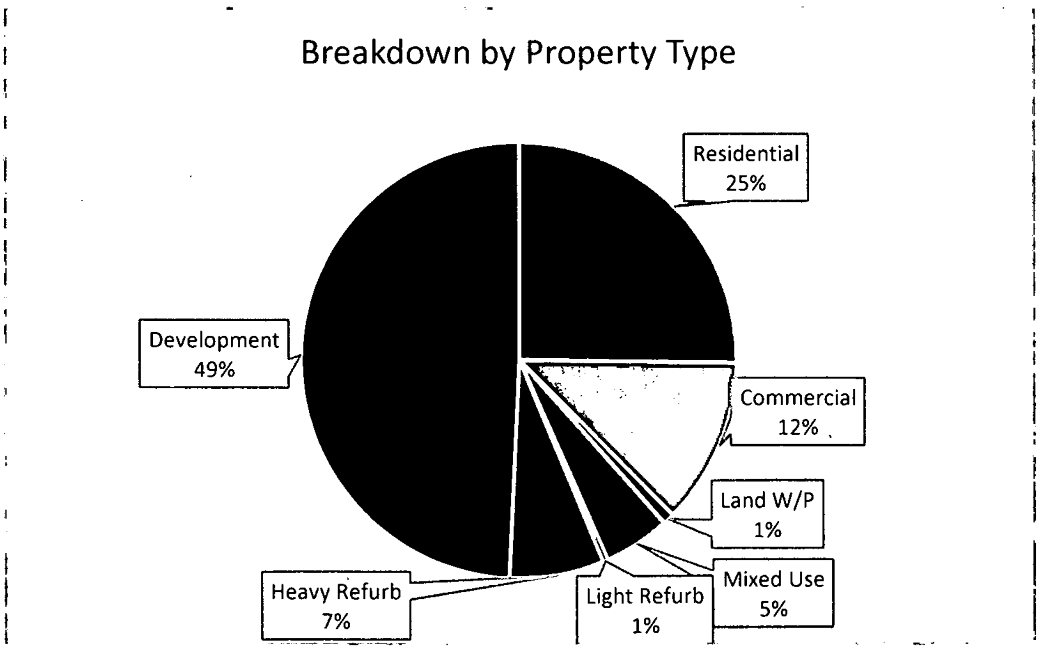
Key performance indicators (KPIs) refer to a set of quantifiable measurements used to gauge a Company's overall long-term performance. See below the loan book performance:

Loan book as of 30 June 2021 of £58.8 million has grown to £92.1 million as of 30 June 2022, growth of 53%.

1st Charge v 2nd Charge

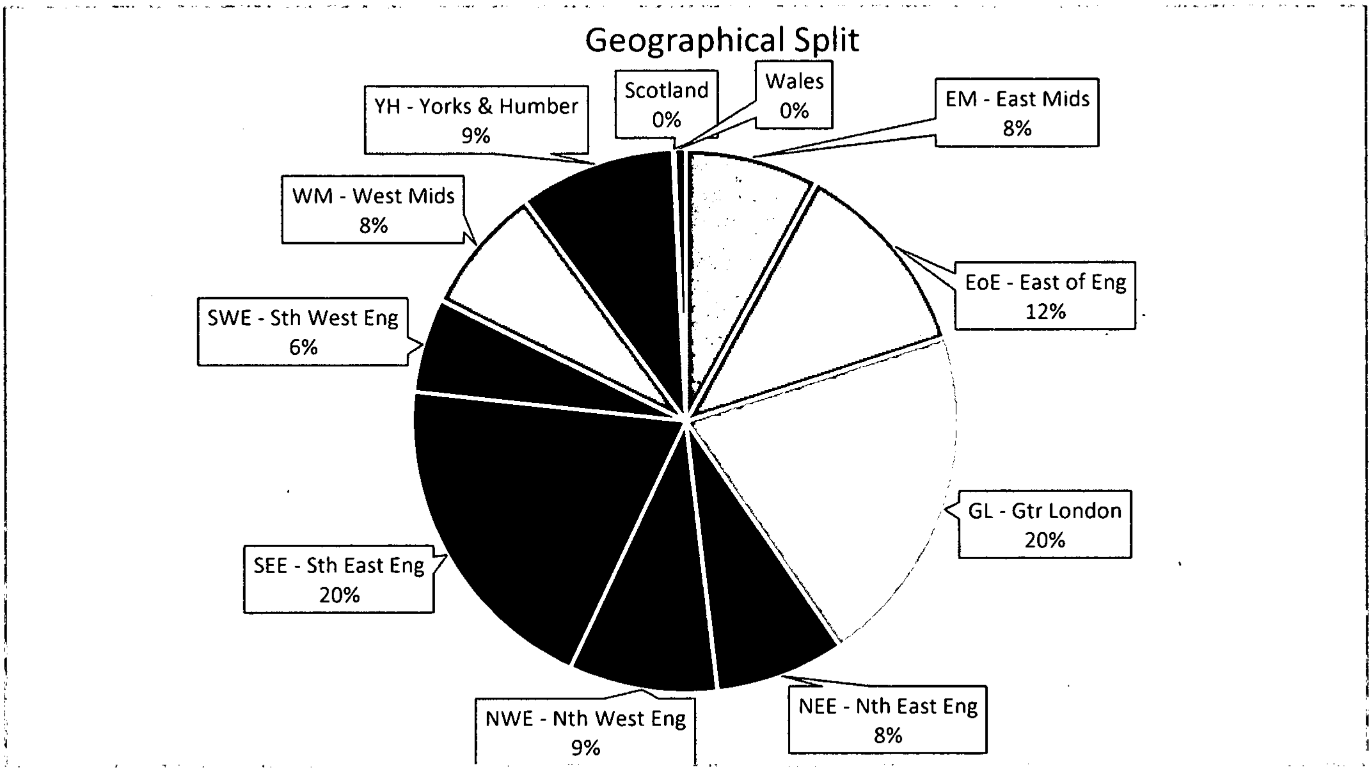


Breakdown by Property Type



Strategic Report (continued)

Geographical Split



Geographical split of the Borrowers' security is concentrated in Southeast of England and Greater London area, but the rest is spread over the country.

This report was approved by the board on 29 December 2022 and signed on its behalf by:

Nattalie Weeks
Director

Directors' Report

The Directors present their report and the financial statements of Kuflink Bridging Limited ('the Company') for the year ended 30 June 2022.

Directors

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

Tejwant Singh Chattha
Nattalie Jane Weeks

Results & Dividends

The company is reporting a profit after tax of £652,607 for the year 2022 (2021: £323,525), and this is set out in Statement of Comprehensive Income on page 18. Our forecasts show that these profits will continue into financial year 2023 and thereafter.

No ordinary dividend was paid this year (2021: nil). The Directors do not recommend the payment of a final dividend.

Risks and Uncertainties

The Company identifies, analyses and controls risk through our Internal Control and Risk Assessment Frameworks

Market Risk

The Company still faces some Brexit related uncertainties, principally relating to the health of the UK property market which given the recent mini budget, inflation, and higher interest rates (post period) has slowed down. Economic activity has been affected all round as higher costs are now affecting everyone. The Company continues to monitor the status of the market and keeps these risks in mind when offering new loans and managing its existing loan portfolio.

COVID-19 has affected almost every working sector. Therefore, it is no news that there has been an unexpected shortage of construction materials. Most people couldn't have predicted the storm that has swept across the development sector. The UK government's development goals are in jeopardy because of material shortage which has been caused mainly due to COVID-19 and Brexit. Shortage in construction materials can also be traced back to the increased home improvement and building activities in 2020, specifically during the first lockdown across the UK. In addition, adjusting for the pandemic led to slow production of the construction materials from factories, and ever since, the supply chain has remained stretched.

A property Development committee was set up in July 2021 to review all the development projects regularly and when needed, we ask the borrowers to increase their equity in case we find that the costs are going beyond the original quote. This has continued throughout 2022 and has enabled us to monitor the market and our development projects closely.

The Company has established itself in the P2P and Bridging loan sector and has discontinued it's Cashback incentive scheme with effective date 17 April 2022.

Directors' Report (continued)

Market Risk (continued)

Post period end, due to the headwinds caused by the mini budget our Kuflink Lending Matrix along with our risk team identified products (Mezzanine and 2nd charge loans) that were removed from the market immediately, whilst rates and Loan to values were adjusted for new Kuflink bridging products.

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 (2021 Nil).

(ii) Credit risk

The credit risk for the Company 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 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 Company's maximum exposure to credit risk represents the aggregate carrying value of the loans held at amortised cost (see note 16), debtors (see note 17) and cash balances held by the Company at 30 June 2022.

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 borrowers to meet their obligations as they fall due for payment.

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

(iii) Concentration risk

The largest loan in the portfolio has a carrying value of £3.3m (2021: £3.0m), representing 4% (2021:5%) of net loans. The largest 10 loans account for 30% (2021:32%) of total net loan value.

(iv) 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 liquid resources to make repayments of interest or capital to lenders as amounts fall due for payment. Management monitors the cashflow on a regular basis and any pinch point is identified months in advance and necessary action is taken. The table below shows the repayment profile of both interest and capital balances for the Company's existing borrowing portfolio:

Directors' Report (continued)

(iv) Liquidity risk (continued)

Interest	Less than 1 year	More than 1year	Total
	£	£	£
Peer-to-peer Investors	3,625,647	6,738,543	10,364,190
Kuflink Borrowing	237,141	-	237,141
Interest payable on all borrowings in existence to maturity	**3,862,788**	**6,738,543**	**10,601,331**

Capital Repayment	Less than 1 year	More than 1year	Total
	£	£	£
Peer-to-peer Investors	53,613,164	25,608,670	79,221,834
Kuflink Borrowing	3,387,727	-	3,387,727
Expected repayment of capital on all borrowings in existence to maturity	**57,000,891**	**25,608,670**	**82,609,561**
Expected repayment of capital from all loans inexistence to maturity	**80,137,065**	**11,969,993**	**92,107,058**

The above table shows there is sufficient liquidity in the next year and the year after. Our past performance shows a substantial number of investors do re-term, if this continued, the Company would have less of a liquidity mis-match even in the case of unforeseen delays from borrowers than detailed in the table above. The Directors continuously monitor liquidity mis-matches on a short-term basis.

The Company's other creditors are repayable on demand at balances that approximate to the carrying values shown in Note 20.

(v) Default rate risk

Kuflink continues to recognise the default rate definition for the platform. In line with the FCA's default definition, a loan is classed as in default after 180 days of non-repayment of either capital or interest by the borrower. Our Collections Department follow the 30 days of non-repayment by the borrower definition of default. Additionally, the Company continues to co-invest up to 5% alongside P2P lenders on some "Select Invest" loans, further mitigating the risk exposure to P2P lenders and demonstrating our commitment to originating high quality loans.

Governance

Risk Assessments / Mitigations and updating our Internal Control Framework continues to be Kuflink's key drivers. The Directors have created a culture of meticulous governance and a controlled environment, which is required as the business grows as per the strategic forecast. The Company has increased governance through their committees which strengthens areas of the business such as Finance and Treasury, Credit, Collections and Compliance/Client Money Assets. Remuneration committee, Nomination committee, Audit committee, Asset & Liability committee (ALCO), Executive committee (EXCO), Wind Down planning committee and Development committee continue to meet regularly.

Directors' Report (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the 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 FRS102). 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.

Directors' disclosures under s172(1)

Section 172 of the Companies Act 2006 requires Directors of an entity to act in the way they consider, in good faith, would be most likely to promote the success of the entity for the benefit of its members as a whole. As part of their deliberations and decision-making processes, the Directors take into account the following:
(i) likely consequences of any decisions in the long term;
(ii) the interests of the Company's employees;
(iii) the need to foster the Company's business relationships with suppliers, customers and others;
(iv) the impact of the Company's operations on the community and the environment; and
(v) the desirability of the entity maintaining a reputation for high standards of business conduct

The Directors consider all matters relevant to the particular issue before them for consideration whilst acting in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members and through its business and operations, to have a material positive impact on (a) society and (b) the environment, taken as a whole. The Directors have put in place suitable processes so that all relevant matters are factored into the Board's decision making, these are part of the corporate governance framework.

Directors' Report (continued)

Going concern statement

The Company'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 9. The financial position of the Company, its cash flows, liquidity position are described in the Directors' Report on pages 10 to 15. In addition, notes 1 & 2 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with long-term loans with a number of customers of different geographic areas and types of loan. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have reviewed the current loan book and assessed the loan to value (LTV) is within determined limits for no further provision to be made. The Directors have run stressed operating scenarios and increased the Group's liquidity buffer within it's Capital Adequacy Policy to ensure the wind down plan (WDP) can be implemented fully if required.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Research & Development

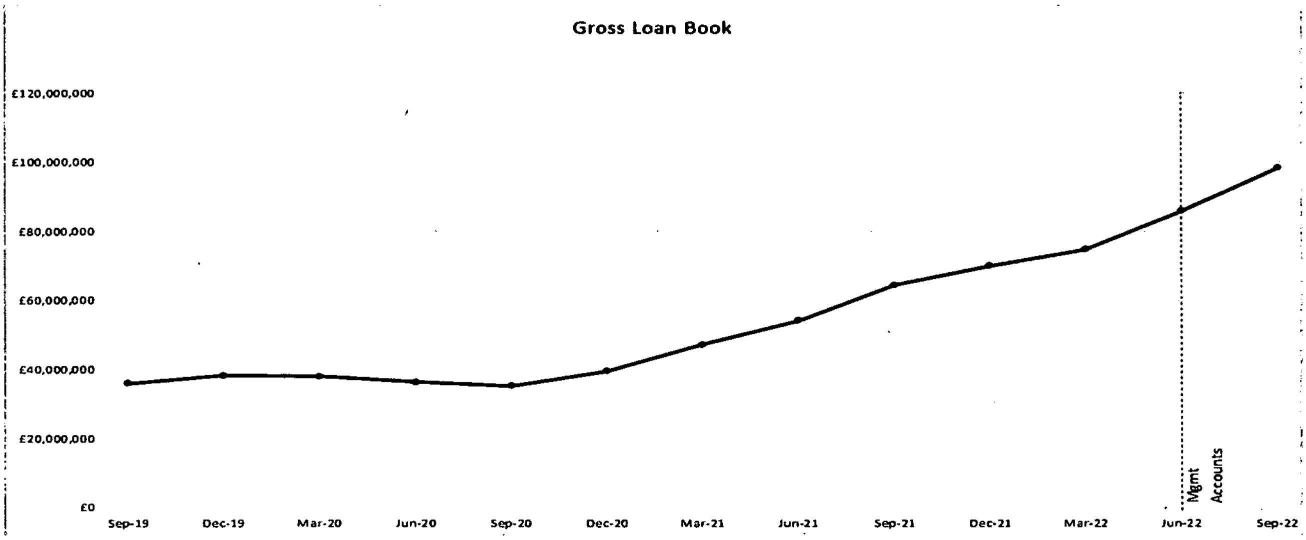
Within the business model, we continue to focus heavily on technology by further developing our proprietary loan management/origination system, as well as our online P2P platform, bringing transparency, efficiencies and certainty to both borrowers and lenders. The Company believe that its track record of investment in technology provides Kuflink with a significant competitive advantage. Following on from last year, the investment into developing and improving our proprietary technology and IT infrastructure has not slowed down. We have continued to work on new products along with ensuring our platform security infrastructure remains at a high level. We continue to test, implement further enhancements, and introduce protection measures for the infrastructure and our Lenders and Borrowers. Furthermore, Kuflink continues to be ISO 27001 (UKAS) Certified and Cyber Essentials Certified, showcasing our commitment to information security.

Loan book origination

Although the Company had some loans that were affected by the Covid-19 pandemic, these were not significant, and the Company is now growing the loan book as loan origination continues to increase in line with expectations. The Company has seen an increase in borrower enquiries due to other lenders in the sector stalling on new and further advances. As of the 9 December 2022, the loan pipeline had £9.8m of loans ready to complete with solicitors, and a further £13.1m of loans at enquiry stage of which £7.3m had been instructed for valuations.

Post year end, Kuflink's loan book has exceeded £109m, as of 31 October 2022.

Directors' Report (continued)



Directors' Indemnities

Directors' and officers' insurance cover has been established for all Directors to provide a cover up to £2m for their reasonable actions on behalf of the Company. A deed was executed indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2021 financial year and remain in force for all current and past Directors of the Company.

Disclosure of information to the auditor

Each person who was a director at the time this report was approved confirms that:

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

Auditor

MHA MacIntyre Hudson have expressed their willingness to continue to serve as the Company's auditors. A resolution for their re-appointment will be submitted to the Board at the forthcoming Annual General Meeting.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

This report was approved by the board on 29 December 2022 and signed on its behalf by:

Nattalie Weeks
Director

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 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 30 June 2021, and Company's profit 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 for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Independent Auditor's Report to the Members of Kuflink Bridging Limited (continued)

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 Director's report and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report and strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report and the Strategic 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 the Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Directors were not entitled to prepare the financial statements in accordance with the small company regime and take advantage of the small companies' exemptions in preparing the Director's Report and from the requirement to prepare a strategic report.

Responsibilities of the Directors
As explained more fully in the Director's Responsibilities Statement as set out on page 12, 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 has 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Independent Auditor's Report to the Members of Kuflink Bridging Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- enquiry of management, those charged with governance, around actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's Directors, 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 Directors 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 Directors as a body, for our audit work, for this report, or for the opinions we have formed.

R Shaunak

Rakesh Shaunak FCA
Senior Statutory Auditor
For and on behalf of:
MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditors
London, United Kingdom

29 December 2022

Kuflink Bridging Limited
Statement of Comprehensive Income
for the year ended 30 June 2022

	Notes	2022	2021
		£	£
Interest income	3	10,088,507	6,138,767
Interest expense and charges	4	(5,692,420)	(3,276,707)
Net interest income		4,396,087	2,862,060
Other income	5	262,177	75,601
Impairment	6	(521,312)	157,146
Direct expenses	7	(14,802)	(14,506)
Administrative expenses	8	(3,469,543)	(2,827,463)
Operating profit	9	652,607	252,838
Profit on ordinary activities before taxation		652,607	252,838
Taxation	13	-	70,687
Total comprehensive profit for the year		**652,607**	**323,525**

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

The notes to the accounts on pages 21 to 36 form an integral part of the financial statements.

Kuflink Bridging Limited
Statement of Financial Position
as at 30 June 2022

Non-current assets	Notes		**2022**		**2021**
			£		**£**
Intangible assets	14		260,835		142,833
Tangible fixed assets	15		20,624		41,716
Loans held at amortised cost falling due after more than one year	16		10,143,946		10,144,160
			10,425405		10,328,709
Current assets					
Loans held at amortised cost	16	75,808,561		44,021,004	
Debtors	17	8,207,900		2,761,042	
Cash at bank and in hand	18	1,188,142		557,564	
		85,204,603		47,339,610	
Current Liabilities					
Financial liabilities held at amortised cost	19	(56,582,057)		(39,535,627)	
Creditors	20	(11,369,682)		(3,373,366)	
		(67,951,739)		(42,908,993)	
Net current assets			17,252,864		4,430,617
Total assets less current liabilities			27,678,269		14,759,326
Non-current liabilities					
Financial liabilities held at amortised cost	19		(25,020,079)		(12,753,743)
Net assets			**2,658,190**		**2,005,583**
Capital and reserves					
Called up share capital	21		3,779		3,779
Share premium	22		5,866,767		5,866,767
Profit and loss account			(3,212,356)		(3,864,963)
Total shareholder's funds			**2,658,190**		**2,005,583**

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 December 2022 by

Nattalie Weeks
Director

The notes to the accounts on pages 21 to 36 form an integral part of the financial statements.

Kuflink Bridging Limited
Statement of Changes in Equity
for the year ended 30 June 2022

	Share capital	Share premium	Profit and loss	Total
	£	£	£	£
At 1 July 2020	3,779	5,866,767	(4,188,488)	1,682,058
Total comprehensive loss for the financial year	-	-	323,525	323,525
At 30 June 2021	**3,779**	**5,866,767**	**(3,864,963)**	**2,005,583**
At 1 July 2021	3,779	5,866,767	(3,864,963)	2,005,583
Total comprehensive profit for the financial year	-	-	652,607	652,607
At 30 June 2022	**3,779**	**5,866,767**	**(3,212,356)**	**2,658,190**

The notes to the accounts on pages 21 to 36 form an integral part of the financial statements.

Kuflink Bridging Limited
Notes to the Financial Statements
for the year ended 30 June 2022

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention unless otherwise specified within accounting policies and 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.

The Company has also taken the advantage of the exemption allowed by FRS102 not to present a Statement of Cash Flows.

Going concern

The Company'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 9. The financial position of the Company, its cash flows, liquidity position are described in the Directors' Report on pages 10 to 15. In addition, notes 1 & 2 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Directors have reviewed the current loan book and assessed the loan to value (LTV) is within determined limits for no further provision to be made. The Directors have run stressed operating scenarios and increased the Group's liquidity buffer within it's Capital Adequacy Policy to ensure the wind down plan (WDP) can be implemented fully if required.

The Company has considerable financial resources together with long-term loans with a number of customers of different geographic areas and types of loan. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover is made up of three elements; interest receivable on loans, fees associated with the arrangement of the loans and other fees to cover overheads associated with loans. Interest receivable and arrangement fees are recognised on an accrual basis using the effective interest method over the term of the financial asset. The effective interest method allocates interest income (or expense) over the expected maturity period of the instrument. An instrument's effective interest rate is the rate that exactly discounts estimated future payments on the instrument to its initial carrying amount. All other revenue and interest receivable are recognised on an accrual basis.

Interest expenses and charges

Interest expenses and charges include the interest payable to peer-to-peer lenders, cashback cost and commission payable to brokers. The accounting for cashback is based on the assumption that they are EIR'd over a 4-year term.

Direct and administrative expenses

Expenses are recognised in the statement of comprehensive income in the period in which they are incurred and are recognised on an accrual basis. Direct expenses are those related to the origination and maintenance of loans and include related impairment losses.

1 Summary of significant accounting policies (continued)

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.

Intangible assets

Intangible 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 and new systems);
- it is probable that the asset created will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

The Company is developing its own internally generated platform and software to manage its operations. Costs in relation to these system developments are capitalised as incurred. These intangible assets are amortised on a straight-line basis over their expected useful lives starting from the point at which the asset has been completed and is being utilised by the Company.

Internally generated software	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

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 have 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.

1 Summary of significant accounting policies (continued)

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.

Creditors

Creditors and other trade payables are initially measured at fair value, which approximates to the amount expected to be required to settle the obligations of the Company and is 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

Financial liabilities are recognised when the Company has a legal obligation as a result of entering into acontract with a third party. The investment held from peer-to-peer and other investors by the Company are classified as "Financial liabilities held at amortised cost" and are initially measured at fair value, net ofany transaction costs. They are subsequently measured at amortised cost. Financial liabilities are derecognised when the Company's obligations are discharged, cancelled, or expired.

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.

Kuflink Bridging Limited
Notes to the Financial Statements
for the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

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.

2 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.

i) Provisions
Provisions established by the Company are based on management's assessment of relevant information and advice available at the time of preparing the financial statements. Outcomes are uncertain and dependent on future events. Where outcomes differ from management's expectations, differences from the amount provided will impact profit or loss in the period the outcome is determined.

ii) Impairment of assets held at cost
The Company assesses at each balance sheet date, whether there is objective evidence that an asset isimpaired. A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more loss events and that loss event has had an impact on the estimated future cash flows of the financial asset. The estimation of future cash flows requires management to make judgements and assumptions on timing of the cashflows, discounts rates to apply,and probability of scenarios which impact the recoverable amount of the asset being assessed.

iii) Impairment of intangible assets
Management exercises judgment in determining whether an impairment loss should be recognised whenthe carrying amount of intangible assets is less than the recoverable amount. Judgement is required to identify the cash generating units (CGU) where the asset does not generate cash inflows that are largely independent of those assets or other groups of assets.

In assessing 'value-in-use' for an impairment calculation, the estimated future cash flows are forecast covering a period of five years with a long-term growth rate applied to project future cash flows after the fifth year. Judgement is required in relation to the achievability of the long-term business plan, discount rates and other assumptions underlying the valuation process.

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

iv) Effective rate of interest calculations
Interest income/fees and interest expenses/charges are recognised over the period the income and expenses relate to. Effective Interest Rate (EIR) calculations were initially made on a straight-line basis over the duration of the loan and behavioural maturity of liabilities. In order to adjust the effective interest rate to the actuarial method (as required by the accounting standard), assumptions are made about the behaviour of the liabilities given the lack of historical data. Kuflink has assumed a behavioural maturity of 4 years for platform investments. Where behavioural maturities change, this will impact the recognition of interest expenses and charges in the profit and loss account. Similarly, where loans are re-termed, this will impact the recognition of income and fees in the profit and loss account.

v) Tax
Deferred tax assets and liabilities can be recognised when the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Deferred tax assets are recognised when in the opinion of management, it is probable that taxable profits will be available against which the differences can be utilised. Deferred tax assets are recognised in subsidiaries with a history of trading losses only where management have prepared and assessed forecasts of taxable profit which indicate full recovery in the foreseeable future with a high level of confidence.

3 Analysis of Interest Income and fees

	2022	2021
	£	£
Loan interest receivable	7,533,804	4,734,841
Default Interest	721,589	606,270
Arrangement fees	1,673,455	694,199
Admin fees	67,077	36,829
Broker fees	92,582	66,628
	10,088,507	**6,138,767**

All turnover is from services provided in the United Kingdom in respect of the Company's principal activity. Fee income that are generated as part of the loan generation and they are included within the loan balance and recognised using the effective interest method similar to interest income. The increase in the income is due to the growth in the loan book origination.

4 Interest expense and charge

	2022	2021
	£	£
Peer-to-Peer (P2P) interest:		
Interest	4,128,739	2,315,876
Cashback expenses	475,289	331,689
	4,604,028	2,647,565
Interest on Kuflink borrowings	334,564	292,751
Broker commission	753,828	336,391
	5,692,420	**3,276,707**

Cashback expenses are incentive payment to lenders. The scheme ended on 17 April 2022. These amounts, along with broker commission are deducted from the carrying amount of the associated liability and recognised as an expense over the term of the loan. Increase in P2P interest is due to P2P lending increasing, while broker commission increase is due to growth of the loan origination.

5 Other income

	2022	2021
	£	£
Exit fees	233,215	65,746
Other fees	17,096	8,376
Sundry income	11,866	1,479
	262,177	**75,601**

Exit fees are fees charged on development loans at redemption. During the year the Company had a greater number of development loans redeemed.

6 Impairment

	2022	2021
	£	£
Movement in loan impairment provision	480,209	(1,992,931)
Intercompany impairment	40,443	-
Loans written-off	660	1,835,785
	521,312	**(157,146)**

Movement in impairment provision is negative in 2021, as part of the brought forward provision was reversed.

7 Direct Expenses

	2022	2021
	£	£
External verification	8,319	7,338
Other direct loan expenses	6,483	7,168
	14,802	**14,506**

8 Administrative expenses

	2022	2021
	£	£
Employee cost	915,622	609,741
Platform fees from Kuflink Limited	2,458,120	2,421,561
Cashback income from Kuflink Limited	(478,882)	(597,283)
General administrative expenses	874,683	393,444
	3,469,543	**2,827,463**

Platform costs are recharged to the Company by Kuflink Limited as per agreed service level agreement in place. Employee costs were reduced during 2021 through streamlining the business along with support through the Coronavirus Job Retention Scheme (CJRS).

9 Operating profit

	2022	2021
	£	£
The operating profit of the Company is stated after charging/(crediting):		
Impairment of loans in the year	480,869	(157,146)
Depreciation of tangible fixed assets	26,068	61,667
Amortisation of intangible assets	28,676	11,508
Operating lease rentals - plant and machinery	77,380	93,052
Auditor's remuneration for audit services	62,000	50,971

10 Directors' emoluments

	2022	2021
	£	£
Emoluments	95,801	63,893
Bonus	2,580	2,130
Company contributions to defined contribution pension plans	1,034	912
	99,415	**66,935**

Number of Directors to whom retirement benefits accrued:	2022	2021
	Number	Number
Defined contribution plans	1	1

The highest paid director's emoluments were £55,641 (2021: £35,432) and bonuses were £1,500 (2021: £880)

11 Staff costs including Directors

	2022	2021
	£	£
Wages and salaries	756,091	515,023
Social security costs	99,992	72,717
Other pension costs	13,116	10,847
Other staff cost	36,527	11,154
	905,726	**609,741**

Average number of employees of the Company including Directors during the year:	2022	2021
	Number	Number
Administration	7	7
Development	2	2
Marketing	2	2
Sales	10	9
	21	**20**

12 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:

	2022	2021
	£	£
Wages	95,801	63,893
Bonus	2,580	2,130
Pension	1,034	912
	99,415	**66,935**

13 Taxation

	2022	2021
	£	£
Analysis of charge in period		
Current tax:	-	(70,687)
UK corporation tax credit on profit for the period	**-**	**(70,687)**

	2022	2021
	£	£
Profit on ordinary activities before tax	652,607	252,838
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	123,995	48,039
Effects of:		
Expenses not deductible for tax purposes	3,129	97
Non-qualifying depreciation	9,456	13,260
Trading losses brought forward and used against profits	(136,580)	(61,396)
Adjustments to tax (credit)/charge in respect of previous periods	-	(70,687)
	-	**(70,687)**

The Company has tax losses arising in the UK of £3,673,149 (2021: £4,371,724) against which a Deferred tax asset has not been recognised. These losses are available indefinitely for offset against future taxable profits of the Company. However, as the Company cannot accurately forecast the quantumand timing of the future taxable profit, a Deferred tax asset of £Nil (2021: £3,851) has not been recognised in respect of these.

13 Taxation (continued)

The UK government enacted the Finance (No.2) Act 2015, which received royal assent on 18 November 2015, to reduce the standard rate of UK corporation tax to 19% from 1 April 2017 and further to 18% from 1 April 2020. In the 2016 Finance Bill, the UK Government announced a further reduction in the rate of corporation tax to 17% from 1 April 2020. Since then, the rate reduction to 17% has been reversed, and it will remain at 19%.

14 Intangible assets

Internally generated software	**Total**
	£
Cost	
At 1 July 2021	160,095
Additions	146,678
At 30 June 2022	**306,773**
Amortisation	
At 1 July 2021	17,262
Charge for the year	28,676
At 30 June 2022	**45,938**
Carrying amount	
At 30 June 2022	**260,835**
At 30 June 2021	142,833

Assets being developed are a Customer Relationship Management (CRM) system and Loan Management System (LMS). These are in development stages and amortisation is provided once stages are completed.

15 Tangible fixed assets

	Leasehold improvement	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 July 2021	205,538	135,851	341,389
Additions	-	4,976	4,976
At 30 June 2022	**205,538**	**140,827**	**346,365**
Depreciation			
At 1 July 2021	177,073	122,600	299,673
Charge for the year	21,777	4,291	26,068
At 30 June 2022	**198,850**	**126,891**	**325,741**
Carrying amount			
At 30 June 2022	**6,688**	**13,936**	**20,624**
At 30 June 2021	28,465	13,251	41,716

16 Loans at amortised cost

	2022	2021
	£	£
Opening value of loans (gross)	58,765,443	40,162,479
Additions	58,786,962	46,809,376
Repaid loans	(35,907,307)	(34,886,459)
Loans written off	(660)	(1,835,785)
Interest and charges	10,462,620	8,515,832
Closing par value of loans	**92,107,058**	**58,765,443**
Opening value of Unearned income	(4,175,413)	(1,340,072)
Movement	(1,074,063)	(2,835,341)
Closing value of Unearned income	**(5,249,476)**	**(4,175,413)**
Opening value of Impairment provision	(424,866)	(2,417,797)
Movement	(480,209)	1,992,931
Closing value of Impairment provision	**(905,075)**	**(424,866)**
Opening value of Loans (Net)	54,165,164	36,404,610
Summary of movement	31,787,343	17,760,554
Closing value of Loans (Net)	**85,952,507**	**54,165,164**
Of which:		
Due within one year	**75,808,561**	**44,021,004**
Due after one year	**10,143,946**	**10,144,160**

Unearned income represents upfront fees charged to borrowers and is included in the initial carrying amount of the asset. This income is recognised in the Income Statement over the life of the loan in line with Effective Interest Rate (EIR) accounting.

17 Debtors

	2022	2021
	£	£
Amounts owed by group undertakings	7,565,246	2,116,802
Other debtors	5,291	202,014
Prepayments	637,363	442,226
	8,207,900	**2,761,042**

Other debtors in 2022 includes money held with solicitors pending new loans £Nil (2021: £196,730). Prepayments include prepaid broker fees of £574,602 (2021: £348,346). Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

18 Cash at bank and in hand

	2022	2021
	£	£
Cash at bank	**1,188,142**	**557,564**

Balance includes £200,045 (2021: £371,709) held in reserve account to cover Wind Down Plan estimated costs.

19 Financial liabilities held at amortised cost

	2022	2021
	£	£
Opening value of loans (gross)	48,896,782	31,026,144
Additions	71,096,724	51,253,681
Repaid loans	(40,771,672)	(33,383,043)
Closing par value of investments	**79,221,834**	**48,896,782**
Opening Deferred Cashback	(1,003,832)	(738,237)
Additions	(478,882)	(597,284)
Amortisation	475,289	331,689
Closing par value of Deferred cashback	**(1,007,425)**	**(1,003,832)**
Opening KBL investments	4,396,420	4,688,932
Additions	7,715,297	5,040,374
Repaid loans	(8,723,990)	(5,332,886)
Closing par value of loans	**3,387,727**	**4,396,420**
Opening Total financial liabilities	52,289,370	34,976,839
Additions	78,333,139	55,696,771
Repaid loans	(49,020,373)	(38,384,240)
Closing par value of loans	**81,602,136**	**52,289,370**

Of which:

	2022	2021
Due within one year	**56,582,057**	**39,535,627**
Due after one year	**25,020,079**	**12,753,743**

19 Financial liabilities held at amortised cost (continued)

The investments held from peer-to-peer investors by the Company are classified as "Financial liabilities held at amortised cost" and are initially measured at fair value, net of any transaction costs. Additionally, the Company holds other investor loans classified as "KBL investments" within "Financial liabilities held at amortised cost" to further support the provision of short-term bridge financing facilities.

The Company operates an incentive scheme for retail investors with an aim to increase the longevity of lender funds on the platform. These costs are capitalised on the balance sheet as Deferred Cashback and offset against Liabilities held at amortised costs. The costs are then expensed to the P&L over 4 years. The Cashback incentive scheme was ended on 17 April 2022.

20 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	172,741	108,883
Amount owed to group undertakings	7,733,083	1,187,671
Corporation tax	67,704	50,252
Other creditors	1,331	523,021
Accruals and deferred income	3,394,823	1,503,539
	11,369,682	**3,373,366**

The increase in accrued income relates to P2P interest for Auto invest loans and compound interest on select invest loans.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

21 Share capital

	Nominal value each share	2022 Number	2022 £	2021 £
Allotted, called up and fully paid:				
Ordinary shares	£0.0001	37,794,830	3,779	3,779

Ordinary shares are 100% owned by parent Kuflink Group Plc.

22 Share premium

	2022	2021
	£	£
At 1 July	5,866,767	5,866,767
Shares issued	-	-
At 30 June	**5,866,767**	**5,866,767**

23 Financial commitments

The Company had a total future minimum lease payment under non-cancellable operating leases falling for payment as follows:

	Land and buildings	
	2022	**2021**
	£	**£**
Amount due within one year	6,444	6,444
Amount due within two to five years	-	-
	6,444	**6,444**

24 Related party transactions

At the year end, an amount totalling £4,311,826 (2021: £4,530,079) was outstanding on loans to Directors or related parties of Kuflink Group Plc or companies controlled by the same. Out of this amount £2,691,173 (2021: £4,208,556) of the funding came from the peer-to-peer platform, split between Select Invest product funding of £nil (2021: £nil) and Auto Invest product funding of £2,691,173 (2021: £4,208,556).

The Company has taken the advantage of the exemption allowed by FRS102, "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.

The Company has also taken the advantage of the exemption allowed by FRS102 not to present a Statement of Cash Flows.

Also, at the year-end an amount totalling £330,620 (2021: £703,648) was outstanding on the borrowing from Directors or related parties or companies controlled by the Directors.

During the year, the Company has traded with suppliers who are controlled by Directors or related parties amounting to £1,870 (2021: £8,180).

Directors of the Group have provided guarantees worth £2,078,698, secured by real property and other assets, to cover the Group in the event of a loss on certain loans.

25 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.

26 Functional and presentation currency

The financial statements are presented in Sterling, which is also the functional currency of the entity.

27 Legal form of entity and country of incorporation

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

28 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