Registered number
07889226

Kuflink Bridging Limited

Annual Report and Financial Statements

For the year ended 30th June 2021

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
Metro Bank Plc

Strategic Report

Kuflink Bridging Limited is pleased to present its strategic report for the year ended 30th June 2021.

Kuflink's Purpose

In line with Kuflink Group's purpose of Connecting People to Financial Freedom, the principal activity of Kuflink Limited continued to be that of operating an electronic peer-to-peer (P2P) platform as an FCA authorised and regulated firm.

Kuflink's Business Model

The Group consists of the parent company, Kuflink Group Plc, and 100% owned subsidiaries Kuflink Limited, Kuflink Bridging Limited and Kuflink Security Trustees Limited. Both Kuflink Limited and Kuflink Bridging Limited are authorised and regulated by the 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. Further funding has been required from Kuflink Group Plc, which raised capital of £0.3m in 2021 (2020: £3.3m), the requirement has been dramatically reduced during the year and the Directors do not anticipate additional capital funding to be required going forward.

Key Events during the year

- Kuflink reaches 5th spot in Peer to Peer & Online Lending funding in UK (source P2PMarketData.com (November 2020).
- Kuflink receives an Exceptional 3/3 4thWay PLUS Rating. (November 2020).
- Kuflink reaches £100m invested milestone. (December 2020).
- Kuflink reaches 4th spot in Peer to Peer & Online Lending funding in UK (Source P2PMarketData.com (January 2021).
- Kuflink achieves a maximum 5-star Rating at Defaqto. (February 2021).
- Kuflink reaches 3rd spot in Peer to Peer & Online Lending funding in UK (Source P2PMarketData.com. (Mar 2021).

Strategic Report (continued)

Key Events during the year (continued)

- Kuflink ® is a registered European Community trademark (No. 1553541 & 1553358) and a registered United States trademark (79295020 & 79295083) of Kuflink Group Plc (May 2021).

- Kuflink reaches 2nd spot in Peer to Peer & Online Lending funding in UK (Source P2PMarketData.com). (May-October 2021).

- Kuflink reaches £135m invested milestone (June 2021).

Performance

The Covid-19 pandemic presented the Company with an opportunity to refine many elements within our business. The technology infrastructure allowed us to adapt to remote working quickly ensuring Business as Usual. An example of this is our new proprietary loan management system that has been introduced for greater transparency and efficiencies. All this has meant an increase in operating efficiencies across the group along with a reduction in the Groups operating and marketing costs.

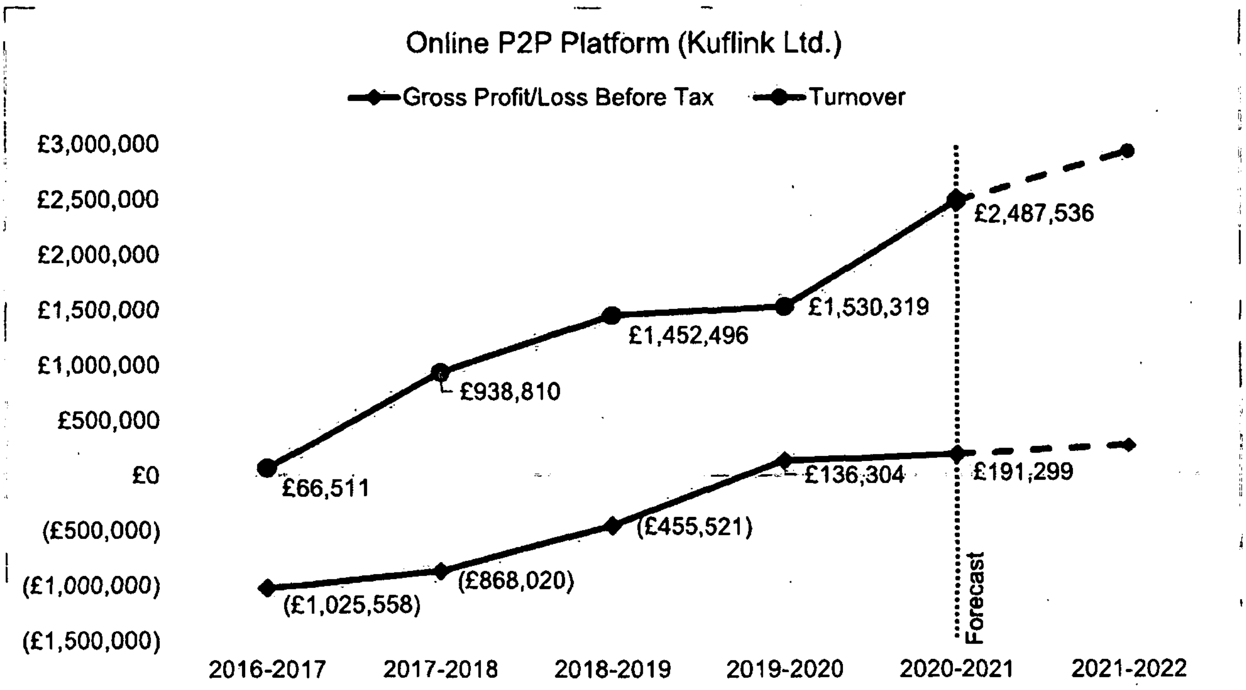
Kuflink Limited (Online P2P Platform)

	Turnover	Gross profit/(loss) before tax
Forecast* 2021-2022	£2,935,052	£272,739
Audited 2020-2021	£2,423,952	£133,004
Audited 2019-2020	£1,530,319	£136,304
Audited 2018-2019	£1,452,496	(£455,521)
Audited 2017-2018	£938,810	(£868,020)
Audited (18 months) 2016-2017	£66,511	(£1,025,558)

*Forecast accounts
Period starts on 1st July to 30th June

Strategic Report (continued)

Performance (Continued)

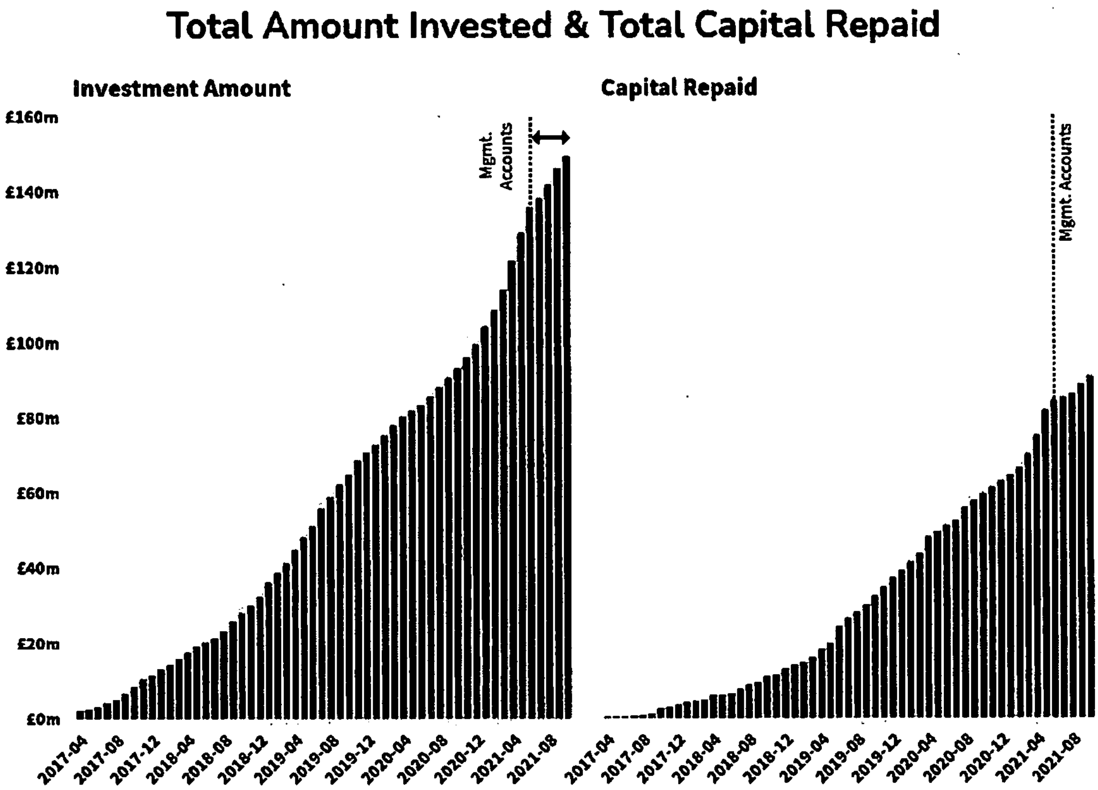


Kuflink P2P Platform
The Kuflink Platform has seen a record level value of £43 million deals (2020: £36m) go live in the year to 30 June 2021, bringing the total number of deals funded to 447 (2020: 349) and the number of active users has reached 6,670 in June 2021 (2020: 5,513). Cumulative investments on the platform have grown substantially, hitting key milestones along the way. This financial year saw Kuflink Peer-to-Peer (P2P) platform investments reach £135 million in June 2021 (2020: £83m). This does not incorporate redemption on maturity of investment. There has also been capital repayment of £84 million in June 2021 (2020: £51m).

The Directors expect to grow the Kuflink P2P platform and as this happens, there will be continued enhancement of our Internal control framework and risk assessment framework. The Technology team ensures it continues to innovate by adding new features to the Kuflink P2P platform, providing more lender solutions as feedback is received.

Strategic Report (continued)

Kuflink P2P Platform (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 2020 of £40.2m has grown to £58.8m as of 30 June 2021. The majority of the growth was in the last few months of the year as the UK economy continues to recover from the pandemic.

More than 80% of the Company's loans are made with 1st charge on the security.

About 43% of loans are made for developing or purchasing Residential property.

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 10 January 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 2021.

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 £323,525 for the year 2021 (2020: Loss £213,137), and this is set out in Statement of Comprehensive Income on page 15. Our forecasts show that these profits will continue into financial year 2022 and thereafter.

No ordinary dividend was paid this year (2020: nil). The Directors do not recommend the payment of a final dividend.

Risks and Uncertainties

The Group identifies, analyses and controls risk through our Internal control and Risk assessment Frameworks

Market Risk

The Company faces some Brexit related uncertainties with the new rules commencing from 1st January 2021. Principally, this relates to the health of the UK property market if the exit from the European Union and end of the transition period proves to be particularly disruptive and causes a sharp reduction in economic activity. The Company continues to monitor the status of the market and keeps these risks in mind when extending new loans and managing its existing loan portfolio. A development committee has been set up in July 2021 to review all the development projects every week and when needed, we ask the borrowers to increase their equity in case we find that the costs are going beyond the original quote.

COVID-19 has affected almost every working sector. Therefore, it is no news that there has been an unexpected shortage of construction materials this year. 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.

Directors' Report (continued)

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 (2020 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 15), debtors (see note 16) and cash balances held by the Company at 30 June 2021.

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 £3.0m (2020: £4.4m), representing 5% (2020:11%) of net loans. The largest 10 loans account for 32% (2020:45%) 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	1,994,054	4,111,410	6,105,464
Kuflink Borrowing	73,878	-	73,878
Interest payable on all borrowings in existence to maturity	**2,067,932**	**4,111,410**	**6,179,342**

Capital Repayment	Less than 1 year	More than 1year	Total
	£	£	£
Peer-to-peer Investors	35,523,201	13,373,581	48,896,782
Kuflink Borrowing	4,396,420	-	4,396,420
Expected repayment of capital on all borrowingsin existence to maturity	**39,919,621**	**13,373,581**	**53,293,202**
Expected repayment of capital from all loans inexistence to maturity	**51,686,654**	**7,078,789**	**58,765,443**

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 19.

(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. 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

Upon assessment of the Company's financial position, Kuflink has managed to cut significant costs within the business which has enabled the group to move to a self-sustainable model meaning profits are being generated monthly and thereafter. The directors can reasonably confirm that the company can continue in operational existence for the foreseeable future.

The impact of the ongoing Covid-19 pandemic has been assessed and we have stress tested future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include scenarios that reflect current market conditions and updated short term property market dislocation. Additionally, we have run scenarios with slower growth and profitability assumptions to assess our funding requirements. Having reviewed these, the directors consider the company to have sufficient resources to continue normal trading activities for at least 12 months from the reporting period and do not consider there to be any material uncertainty.

Research & Development

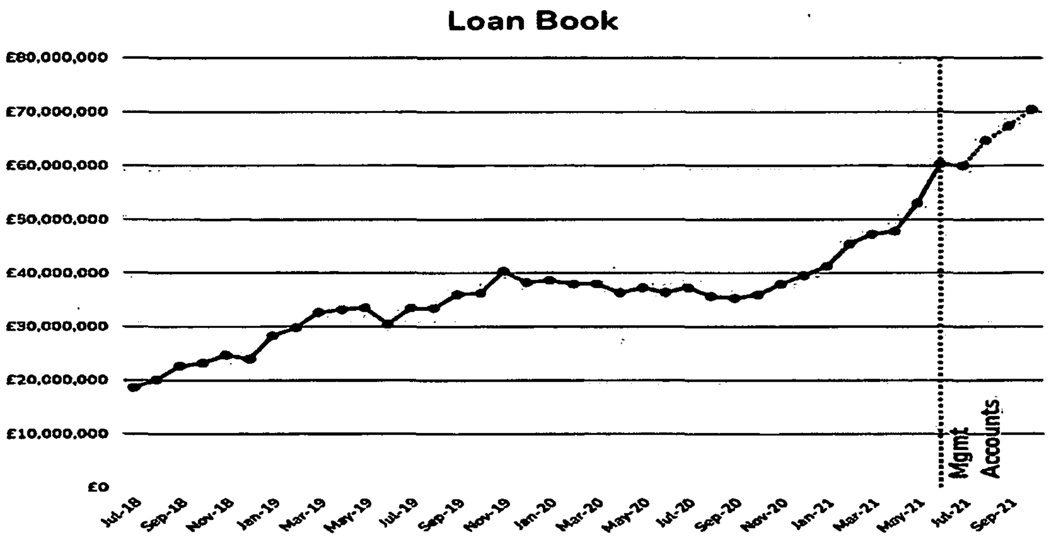
Within the business model, we continue to focus heavily on technology by further developing our proprietary loan management system, as well as our online P2P platform, bringing transparency, efficiencies and certainty to both borrowers and lenders. The company believe that its track record of investment 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 Certified and Cyber Essentials Certified, showcasing our commitment to information security.

Loan book origination

Although the Group had some loans that were affected by the Covid-19 pandemic, these were not significant, and the Group is now growing the loan book as loan origination continues to increase in line with expectations. The Group has seen an increase in borrower enquiries due to other lenders in the sector stalling on new and further advances. As of the 5th of July 2021, the loan pipeline had more than £23million of loans ready to complete with solicitors, and a further £31million of loans at enquiry stage of which £15million had been instructed for valuations.

Post year end, Kuflink's loan book has exceeded the £70million target, as of 30th October 2021.

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 10 January 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 2021, 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 9, 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 CTA
Senior Statutory Auditor
For and on behalf of:
MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditors
London, United Kingdom

10 January 2022

Kuflink Bridging Limited
Statement of Comprehensive Income
for the year ended 30 June 2021

	Notes	2021	2020
		£	£
Interest income	3	6,138,767	5,844,428
Interest expense and charges	4	(3,276,707)	(3,093,794)
Net interest income		2,862,060	2,750,634
Other income	5	75,601	138,893
Direct expenses	6	142,640	507,073
Administrative expenses	7	(2,827,463)	(3,609,737)
Operating profit/(loss)	8	252,838	(213,137)
Profit/(loss) on ordinary activities before taxation		252,838	(213,137)
Taxation	12	70,687	-
Profit/(loss) for the financial year		323,525	(213,137)
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		323,525	(213,137)

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

The notes to the accounts on pages 18 to 32 form an integral part of the financial statements.

Kuflink Bridging Limited
Statement of Financial Position
as at 30 June 2021

	Notes		2021		2020
Non-current assets			£		£
Intangible assets	13		142,833		114,224
Tangible fixed assets	14		41,716		99,996
Loans held at amortised cost falling due after more than one year	15		10,144,160		4,658,807
			10,328,709		4,873,027
Current assets					
Loans held at amortised cost	15	44,021,004		31,745,803	
Debtors	16	2,761,042		498,719	
Cash at bank and in hand	17	557,564		375,356	
		47,339,610		32,619,878	
Current Liabilities					
Financial liabilities held at amortised cost	18	(39,535,627)		(28,073,533)	
Creditors	19	(3,373,366)		(834,008)	
		(42,908,993)		(28,907,541)	
Net current assets			4,430,617		3,712,337
Total assets less current liabilities			14,759,326		8,585,364
Non-current liabilities					
Financial liabilities held at amortised cost	18		(12,753,743)		(6,903,306)
Net assets			2,005,583		1,682,058
Capital and reserves					
Called up share capital	20		3,779		3,779
Share premium	21		5,866,767		5,866,767
Profit and loss account			(3,864,963)		(4,188,488)
Total shareholder's funds			2,005,583		1,682,058

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 10 January 2022 by

Nattalie Weeks
Director

The notes to the accounts on pages 18 to 32 form an integral part of the financial statements.

Kuflink Bridging Limited
Statement of Changes in Equity
for the year ended 30 June 2021

	Share capital	Share premium	Profit and loss	Total
	£	£	£	£
At 1 July 2019	2,170	3,368,377	(3,975,351)	(604,804)
Total comprehensive loss for the financial year	-	-	(213,137)	(213,137)
Shares issued	1,609	2,498,390	-	2,499,999
At 30 June 2020	3,779	5,866,767	(4,188,488)	1,682,058
At 1 July 2020	3,779	5,866,767	(4,188,488)	1,682,058
Total comprehensive profit for the financial year	-	-	323,525	323,525
At 30 June 2021	3,779	5,866,767	(3,864,963)	2,005,583

The notes to the accounts on pages 18 to 32 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 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

Upon assessment of the Company's financial position, Kuflink has managed to cut significant costs within the business which has enabled the group to move to a self-sustainable model meaning profits are being generated monthly and thereafter. The directors can reasonably confirm that the company can continue in operational existence for the foreseeable future.

The impact of the ongoing Covid-19 pandemic has been assessed and we have stress tested future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include scenarios that reflect current market conditions and updated short term property market dislocation. Additionally, we have run scenarios with slower growth and profitability assumptions to assess our funding requirements. Having reviewed these, the directors consider the company to have sufficient resources to continue normal trading activities for at least 12 months from the reporting period and do not consider there to be any material uncertainty.

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.

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.

1. Summary of significant accounting policies (continued)

Taxation (continued)
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 thecost, 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.

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

1. Summary of significant accounting policies (continued)

Impairment of financial assets (continued)
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.

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.

1. Summary of significant accounting policies (continued)

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.

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.

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

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

	2021	2020
	£	£
Loan interest receivable	4,734,841	4,487,277
Default Interest	606,270	518,444
Arrangement fees	694,199	745,315
Admin fees	36,829	37,093
Broker fees	66,628	56,299
	6,138,767	5,844,428

All turnover is from services provided in the United Kingdom in respect of the Group'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

	2021	2020
	£	£
Peer-to-Peer (P2P) interest:		
Interest	2,315,876	1,991,530
Cashback expenses	331,689	232,090
	2,647,565	2,223,620
Interest on Kuflink borrowings	292,751	533,094
Broker commission	336,391	337,080
	3,276,707	3,093,794

Cashback expenses are incentive payment to lenders. 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

	2021	2020
	£	£
Exit fees	65,746	32,153
Other fees	8,376	13,604
Sundry income	1,479	93,136
	75,601	138,893

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

6 Direct expenses

	2021	2020
	£	£
Movement in impairment provision	(1,992,931)	(525,509)
Loans written-off	1,835,785	9,629
Total impairment expense	(157,146)	(515,880)
Other direct expenses	14,506	8,807
	(142,640)	(507,073)

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

7 Administrative expenses

	2021	2020
	£	£
Employee cost	609,741	1,192,998
Platform cost	1,824,278	1,829,704
General administrative expenses	393,444	587,035
	2,827,463	3,609,737

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

8 Operating profit/(loss)

	2021	2020
	£	£
The operating profit/(loss) of the Company is stated after charging/(crediting):		
Reversal of impairment of loans in the year	(157,146)	(515,880)
Depreciation of tangible fixed assets	61,667	66,663
Amortisation of intangible assets	11,508	5,754
Operating lease rentals - plant and machinery	93,052	149,816
Auditor's remuneration for audit services	50,971	30,960

9 Directors' emoluments

	2021	2020
	£	£
Emoluments	63,893	91,230
Bonus	2,130	940
Company contributions to defined contribution pension plans	912	1,123
	66,935	93,293

Number of Directors to whom retirement benefits accrued:	2021	2020
	Number	Number
Defined contribution plans	1	1

The highest paid director's emoluments were £35,432 (2020: £51,198) and bonuses were £880 (2020: £500)

10 Staff costs including Directors

	2021	2020
	£	£
Wages and salaries	515,023	993,367
Social security costs	72,717	123,135
Other pension costs	10,847	15,101
Other staff cost	11,154	61,395
	609,741	1,192,998

Average number of employees of the Company including Directors during the year:	2021 Number	2020 Number
Administration	7	12
Development	2	4
Marketing	2	2
Sales	9	9
	20	27

11 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:

	2021	2020
	£	£
Wages	63,893	93,573
Bonus	2,130	1,500
Pension	912	723
	66,935	95,796

12 Taxation

	2021	2020
	£	£
Analysis of (credit) / charge in period		
Current tax:	(70,687)	-
UK corporation tax credit on profit for the period	(70,687)	-

	2021	2020
	£	£
Profit/(Loss) on ordinary activities before tax	252,838	(213,137)
Standard rate of corporation tax in the UK	19%	19%
	£	£
(Loss) on ordinary activities multiplied by the standard rate of corporation tax	48,039	(40,496)
Effects of:		
Expenses not deductible for tax purposes	97	1,252
Non-qualifying depreciation	13,260	9,736
Trading losses brought forward and used against profits	(61,396)	-
Unused trading losses to carry forward	-	29,508
Adjustments to tax (credit)/charge in respect of previous periods	(70,687)	-
	(70,687)	-

The Company has tax losses arising in the UK of £4,371,724 (2020: £4,761,156) 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 £3,851 (2020: £1,251) has not been recognised in respect of these.

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%.

13 Intangible assets

Internally generated software	**Total**
	£
Cost	
At 1 July 2020	119,978
Additions	40,117
At 30 June 2021	**160,095**
Amortisation	
At 1 July 2020	5,754
Charge for the year	11,508
At 30 June 2021	**17,262**
Carrying amount	
At 30 June 2021	**142,833**
At 30 June 2020	114,224

Assets being developed are a Customer Relationship Management (CRM) system and Loan Management System (LMS), as these are in development stage, no amortisation is provided for the additions in 2021.

14 Tangible fixed assets

	Leasehold Improvement	**Fixtures and fittings**	**Total**
	£	**£**	**£**
Cost			
At 1 July 2020	205,538	132,464	338,002
Additions	-	3,387	3,387
At 30 June 2021	**205,538**	**135,851**	**341,389**
Depreciation			
At 1 July 2020	135,961	102,045	238,006
Charge for the year	41,112	20,555	61,667
At 30 June 2021	**177,073**	**122,600**	**299,673**
Carrying amount			
At 30 June 2021	**28,465**	**13,251**	**41,716**
At 30 June 2020	69,577	30,419	99,996

15 Loans at amortised cost

	2021	2020
	£	£
Opening value of loans (gross)	40,162,479	33,866,607
Additions	46,809,376	36,108,668
Repaid loans	(34,886,459)	(34,978,484)
Loans written off	(1,835,785)	(9,629)
Interest and charges	8,515,832	5,175,317
Closing par value of loans	**58,765,443**	**40,162,479**
Opening value of Unearned income	(1,340,072)	(1,277,659)
Movement	(2,835,341)	(62,413)
Closing value of Unearned Income	**(4,175,413)**	**(1,340,072)**
Opening value of Impairment provision	(2,417,797)	(2,943,305)
Movement	1,992,931	525,508
Closing value of Impairment provision	**(424,866)**	**(2,417,797)**
Opening value of Loans (Net)	36,404,610	29,645,643
Summary of movement	17,760,554	6,758,967
Closing value of Loans (Net)	**54,165,164**	**36,404,610**
Of which:		
Due within one year	**44,021,004**	**31,745,803**
Due after one year	**10,144,160**	**4,658,807**

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.

16 Debtors

	2021	2020
	£	£
Amounts owed by group undertakings	2,116,802	290,854
Other debtors	202,014	5,140
Prepayments	442,226	202,725
	2,761,042	498,719

Other debtors in 2021 includes money held with solicitors pending new loans £196,730 (2020: £Nil). Prepayments include prepaid broker fees of £358,102 (2020: £106,714). Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17 Cash at bank and in hand

	2021	2020
	£	£
Cash at bank	557,564	375,356

None of the Company's cash balances are held in restricted accounts.

18 Financial liabilities held at amortised cost

	2021	2020
	£	£
Opening value of loans (gross)	31,026,144	25,466,819
Additions	51,253,681	31,538,441
Repaid loans	(33,383,043)	(25,979,116)
Closing par value of investments	**48,896,782**	**31,026,144**
Opening Deferred Cashback	(738,237)	(628,384)
Additions	(597,284)	(341,943)
Amortisation	331,689	232,090
Closing par value of Deferred cashback	**(1,003,832)**	**(738,237)**
Opening KBL investments	4,688,932	7,994,561
Additions	5,040,374	7,573,404
Repaid loans	(5,332,886)	(10,879,033)
Closing par value of loans	**4,396,420**	**4,688,932**
Opening Total financial liabilities	34,976,839	32,832,996
Additions	55,696,771	38,769,902
Repaid loans	(38,384,240)	(36,626,059)
Closing par value of loans	**52,289,370**	**34,976,839**
Of which:		
Due within one year	**39,535,627**	**28,073,533**
Due after one year	**12,753,743**	**6,903,306**

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.

18. Financial liabilities held at amortised cost (continued)

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.

19 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	108,883	99,877
Amount owed to group undertakings	1,187,671	-
Corporation tax	50,252	67,797
Other creditors	523,021	1,480
Accruals and deferred income	1,503,539	664,854
	3,373,366	834,008

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.

20 Share capital

	Nominal value each share	2021 Number	2021 £	2020 £
Allotted, called up and fully paid:				
Ordinary shares	£0.0001	37,794,830	3,779	3,779

Ordinary shares were issued to the 100% owned parent Kuflink Group Plc.

21 Share premium

	2021	2020
	£	£
At 1 July	5,866,767	3,368,377
Shares issued	-	2,498,390
At 30 June	5,866,767	5,866,767

22 Financial commitments

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

	Land and buildings	
	2021	**2020**
	£	**£**
Amount due within one year	6,444	48,000
Amount due within two to five years	-	6,444
	6,444	54,444

23 Related party transactions

At the year end, an amount totalling £4,530,079 (2020: £6,626,824) was outstanding on loans to Directors or related parties of Kuflink Group Plc or companies controlled by the same. Out of this amount £4,208,556 (2020: £5,321,689) of the funding came from the peer-to-peer platform, split between Select invest product funding of £nil (2020: £nil) and Auto Invest product funding of £4,208,556 (2020: £5,321,689).

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 £703,648 (2020: £680,002) 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 £Nil (2020: £Nil).

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.

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 Functional and presentation currency

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

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