

REGISTERED NUMBER: 08007287 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021
FOR
ASSETZ SME CAPITAL LIMITED**

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for the Year Ended 31st March 2021

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ASSETZ SME CAPITAL LIMITED

COMPANY INFORMATION

for the Year Ended 31st March 2021

DIRECTORS:

Mr S A Law
Mr D M Penston
Mr C R Mellish
Mr M Wardrop
Mr A F Sheppard
Mr C Macklin
Mrs A Dingwall

REGISTERED OFFICE:

Assetz House
335 Styal Road
Manchester Green
Manchester
M22 5LW

REGISTERED NUMBER:

08007287 (England and Wales)

AUDITORS:

Kay Johnson Gee Limited
Chartered Accountants and Statutory Auditors
1 City Road East
Manchester
M15 4PN

STRATEGIC REPORT

for the Year Ended 31st March 2021

The directors present their Strategic Report for Assetz SME Capital Limited ("the Company") for the year ended 31 March 2021.

REVIEW OF BUSINESS

Assetz SME Capital Ltd is an FCA regulated, marketplace lending platform for property secured UK business lending. We originate property development loans, commercial mortgages, buy-to-let loans and bridging loans which are funded by a combination of retail, corporate and institutional investors via our proprietary marketplace technology. Our aim is to provide a stable and secure income producing asset class for all investors who engage with our platform and to address a funding gap in under-served UK SME Lending segments.

The Company's revenues arise principally from fee income charged to borrowers for both facilitating and then servicing their loans.

The Company has invested significantly in developing its proprietary marketplace technology which allows investors to quickly invest in loans matching their chosen criteria and achieve diversification across portfolios and aid liquidity if needed.

In addition, the Company has credit knowledge and experience at its core having invested in people with extensive UK SME property-backed lending experience to allow us to facilitate sustainable lending opportunities for investors.

Developments and performance during the year

In March 2020, when the COVID-19 pandemic caused significant financial market turmoil, the Company took immediate steps to bring stability to the investment platform and suspend new lending temporarily. The Company then quickly implemented a detailed and prudent cost control, revenue improvement and cash management exercise.

A number of initiatives were undertaken to ensure revenue generation continued during this period of uncertainty, the primary one being to obtain accreditation for the Coronavirus Business Interruption Loan Scheme in May 2020 to bring Government backed guarantees to our lending partners to allow substantial continued loan funding in that time of uncertainty. The CBILS loan scheme is supported by an institutional investor rather than the retail investment platform.

In July 2020, the parent company also launched a fourth crowd-funding round on the Seedrs platform, which was overfunded at close. The funding was matched pound for pound by the Government's Future Fund, bringing this round of investment in the Group to just over £1.5m.

By September 2020 CBILS loans were starting to be deployed. for the remainder of the year to 31 March 2021, the Company focused on originating and completing CBILS loans. The pandemic impacted loan origination across the length of the reporting period, with £160m in FY21, compared to £261m in FY20, but with over £200m of further Covid lending intended to be carried out from that pipeline, post year-end, by the summer of 2021. This is expected to result in a lending run-rate that was above all previous years.

Under the CBILS scheme, the Group has been required to invest some of its own capital in the loans alongside its institutional partners and this capital is provided through a different subsidiary of the Group. The Future Fund equity raise assists the funding of this co-investment which also helps improve our cost of funding.

Following the challenging few months at the beginning of the pandemic in 2020, the Company restarted investment in additional headcount to support the actual and further planned growth in loan origination, with average headcount increasing from 108 in FY20 to 119 in FY21. This has continued post year-end.

The directors monitor the progress of the Company by reference to the following financial measures, alongside complimentary KPIs:

STRATEGIC REPORT

for the Year Ended 31st March 2021

The directors monitor the progress of the Company by reference to the following financial measures, alongside complimentary KPIs:

	FY21	FY20
Outstanding Loan Book at period end	£321m	£392m
Loans Originated	£160m	£261m
Revenue	£15.2m	£16.2m
EBITDA pre exceptionals	£3.8m	£1.1m
Operating (Loss)/Profit post exceptionals	£2.4m	-£0.8m
Profit/(Loss) for the Financial Year	£2.6m	-£0.5m
Average Headcount	119	108

After a challenging year, the Directors are pleased with these results driven by the various cost and revenue management exercises performed throughout the period as described above and strong financial performance has continued post year-end.

PRINCIPAL RISKS AND UNCERTAINTIES

As custodian of loans originated for other investors, the Company has significant resources dedicated to assessing and managing the risk that borrowers may default on their loans.

In addition to credit risk, the Company manages other risks, including:

Liquidity Risk

The risk that the Company will not be able to meet its financial obligations as they fall due. This is managed by ensuring that there is always sufficient liquidity to meet liabilities when due both under normal and stressed conditions. The directors monitor the liquidity position on an ongoing basis.

Market risk

The Company's business is the facilitation of property secured UK SME lending and the directors are aware that a general and persistent weakening of the UK economy and, in particular, property values, may impact on investor appetite for property secured loans. The Company has sought to mitigate these risks by increasing its range of loan funding sources including institutional investors and also by maintaining a modest level of Loan to Value across the loan book.

Operational risk

The Company maintains robust operational systems and controls through its investment in people and technology. A risk committee reports regularly to the directors, and the Company continues its development of strong operational, risk and compliance function.

Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern (referred to in liquidity risk above) and to meet the FCA regulatory capital requirement. Financial performance is regularly reviewed by various committees within the business, focusing on the amount of regulatory and working capital needed. This is especially important as the business continues to expand. The process includes the monitoring of FCA returns as well as the annual budget and forecast process from which the cashflow and capital assessments and projections are made.

STRATEGIC REPORT

for the Year Ended 31st March 2021

FUTURE DEVELOPMENTS

As of July 2021, the company is in its final push to complete remaining CBILS loans. In addition to CBILS, the retail platform has started to lend again following the pausing in March 2020, and a new arrangement with one of our institutional funders to support a drive into the Bridging loans market has been formalised.

We are also pleased to confirm that the Company has now been accredited under the CBILS successor scheme, the Recovery Loan Scheme, and we expect to start delivering RLS loans shortly after the completion of our CBILS loan pipeline.

The company is continuing to review opportunities to be more and more focussed on lending that is aligned with its corporate social responsibility agenda and continues to recruit candidates of the highest caliber to support its planned growth.

ON BEHALF OF THE BOARD:

Mr M Wardrop - Director

26th July 2021

REPORT OF THE DIRECTORS
for the Year Ended 31st March 2021

The directors present their report with the financial statements of the company for the year ended 31st March 2021.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2021.

FUTURE DEVELOPMENTS

Details regarding future developments are included in the strategic report.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2020 to the date of this report.

Mr S A Law
Mr D M Penston
Mr C R Mellish
Mr M Wardrop
Mr A F Sheppard
Mr C Macklin

Other changes in directors holding office are as follows:

Mrs A Dingwall - appointed 1st June 2020

OTHER ACTIVITY

The principal activity of the company is that of a marketplace lender. The main focus is secured business and property lending to SME business borrowers. Assetz SME Capital Limited do not lend their own capital. Whilst the majority of lending to date has been retail investor funded under our regulated activity, this has begun to rebalance in terms of cumulative lending with around 20% of all lending to date now institutionally funded and further alignment expected to continue in the following financial year.

In the early years of the business the company has carried out some non-property backed lending but this activity has been discontinued for some time. That minor part of the portfolio has experienced a number of defaults and is now being actively managed to achieve the best results for the third party lenders who funded those loans. The Directors are seeking to conclude matters such that there is no material impact on the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

REPORT OF THE DIRECTORS

for the Year Ended 31st March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Kay Johnson Gee Limited will be proposed for reappointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr M Wardrop - Director

26th July 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ SME CAPITAL LIMITED

Opinion

We have audited the financial statements of Assetz SME Capital Limited (the 'company') for the year ended 31st March 2021 which comprise the Profit and Loss Account, Statement of Financial Position, 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 101 'Reduced Disclosure Framework' (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 31st March 2021 and of its 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 Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ SME CAPITAL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages five and six, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ SME CAPITAL LIMITED

Auditors' 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 a Report of the Auditors 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- The nature of the industry and sector, control environment and business performance including the company's remuneration policies, key drivers for directors remuneration, bonus levels and performance targets;
- Results of the enquiries of management about their own identification and assessment of the risks of
- Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income and provisions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act, employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETZ SME CAPITAL LIMITED

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

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

Roger Blaskey (Senior Statutory Auditor)
for and on behalf of Kay Johnson Gee Limited
Chartered Accountants and Statutory Auditors
1 City Road East
Manchester
M15 4PN

26th July 2021

PROFIT AND LOSS ACCOUNT
for the Year Ended 31st March 2021

		2021	2020
	Notes	£	£
REVENUE		15,194,058	16,230,624
Cost of sales		<u>(3,059,578)</u>	<u>(4,894,848)</u>
GROSS PROFIT		12,134,480	11,335,776
Administrative expenses		<u>(10,108,184)</u>	<u>(12,095,624)</u>
		2,026,296	(759,848)
Other operating income		<u>397,004</u>	<u>-</u>
OPERATING PROFIT/(LOSS)		2,423,300	(759,848)
Interest receivable and similar income		<u>21,660</u>	<u>22,718</u>
		2,444,960	(737,130)
Interest payable and similar expenses	5	<u>(157,324)</u>	<u>(57,692)</u>
PROFIT/(LOSS) BEFORE TAXATION	6	2,287,636	(794,822)
Tax on profit/(loss)	7	<u>359,863</u>	<u>286,432</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,647,499	(508,390)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		2,647,499	(508,390)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

31st March 2021

		2021	2020
	Notes	£	£
NON-CURRENT ASSETS			
Intangible assets	8	2,712,914	2,096,353
Property, plant and equipment	9	100,524	268,117
Right-of-use assets	10	1,434,319	1,654,983
		<u>4,247,757</u>	<u>4,019,453</u>
CURRENT ASSETS			
Trade and other receivables	11	3,447,757	2,921,616
Cash at bank and in hand		4,940,250	2,126,652
		<u>8,388,007</u>	<u>5,048,268</u>
LIABILITIES			
Amounts falling due within one year	12	(2,276,497)	(2,046,785)
NET CURRENT ASSETS		<u>6,111,510</u>	<u>3,001,483</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,359,267</u>	<u>7,020,936</u>
LIABILITIES			
Amounts falling due after more than one year	13	(1,561,153)	(1,854,668)
PROVISIONS FOR LIABILITIES	17	-	(15,653)
NET ASSETS		<u>8,798,114</u>	<u>5,150,615</u>
EQUITY			
Share capital	18	203	183
Share premium	19	10,182,840	9,182,860
Retained earnings	19	(1,384,929)	(4,032,428)
SHAREHOLDERS' FUNDS		<u>8,798,114</u>	<u>5,150,615</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26th July 2021 and were signed on its behalf by:

Mr M Wardrop - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31st March 2021

	Share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1st April 2019	120	(3,524,038)	6,312,923	2,789,005
Deficit for the year	-	(508,390)	-	(508,390)
Total comprehensive loss	-	(508,390)	-	(508,390)
Issue of share capital	63	-	2,869,937	2,870,000
Balance at 31st March 2020	183	(4,032,428)	9,182,860	5,150,615
Profit for the year	-	2,647,499	-	2,647,499
Total comprehensive income	-	2,647,499	-	2,647,499
Issue of share capital	20	-	999,980	1,000,000
Balance at 31st March 2021	203	(1,384,929)	10,182,840	8,798,114

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31st March 2021

1. STATUTORY INFORMATION

Assetz SME Capital Limited is a private company limited by share capital, incorporated in England and Wales, registration number 08007191. The address of the registered office and principal place of business is Assetz House, Manchester Green, 335 Styal Road, Manchester, M22 5LW.

2. ACCOUNTING POLICIES

Basis of preparation

The company maintains its books and records in sterling ("£") and presents its annual financial statements in conformity with United Kingdom laws and regulations.

These annual financial statements have been prepared in accordance with Financial Reporting Standard FRS 101 Reduced Disclosure Framework and in accordance with applicable accounting standards, as adopted by the European Union and the Companies Act 2006.

The results of Assetz SME Capital Limited are included in the consolidated financial statements of Assetz Capital Limited which are available from Assetz House, 335 Styal Road, Manchester, M22 5LW.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

The financial statements have been prepared on a going concern basis, applying a historical cost convention except for certain financial instruments that are carried at fair value.

The company's business activities together with the factors likely to affect its future development and position are set out in the Principal Activity and General Business Review section of the Strategic report on page 3.

The company made a total comprehensive profit of 2,647k during the year ended 31 March 2021 (2020: loss of £508k).

The financial statements are prepared on a going concern basis, as the directors are satisfied that the company has the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements). In making this assessment, the directors have considered the performance of the company and the provision of continuing financial support of the parent and its ability to provide such support.

Having made appropriate enquiries, the directors consider that the company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support and the ability to provide that support of the parent and have therefore continued to adopt the going concern basis in preparing financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraph 24(6) of IFRS 6 Exploration for and Evaluation of Mineral Resources;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
 - the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Changes in accounting policies

The company has adopted the following new and amended IFRSs from 1 April 2017 prospectively in the financial statements. There has not been a material impact to the Company when adopting these new and amended IFRSs:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in 2014 and was endorsed by the EU in 2016. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue.

IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers:

- 1) identify the contract with the customer;
- 2) identify the performance obligations in the contract, introducing the new concept of "distinct";
- 3) determine the transaction price;
- 4) allocate the transaction price to the performance obligations in the contracts, on a relative stand-alone selling price basis; and
- 5) recognise revenue when (or as) the entity satisfies its performance obligation.

IFRS 15 also introduces new guidance on, amongst other areas, combining contracts, discounts, variable consideration and contract modifications. It requires that certain costs incurred in obtaining and fulfilling customer contracts be deferred on the balance sheet and amortised over the period an entity expects to benefit from the customer relationship.

Management has conducted a detailed analysis of the impact of IFRS 15 on the company which has shown that the recognition of revenue will be consistent with the transfer of risks and rewards to the customer under IAS 18. We have concluded following this assessment that the implementation of IFRS 15 has not resulted in any impact to revenue in the company's consolidated financial statements. Transaction fees, servicing fees and other revenue are recognised when the company satisfies the respective performance obligations which remains consistent with the treatment of these revenue streams prior to IFRS 15 (refer to revenue recognition policy).

IFRS 16 Leases

The company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

As a lessee, the company leases a property. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for most of these leases.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Previously, the company classified property leases as operating leases under IAS17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 April 2019. Right of use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the company's incremental borrowing rate of initial application; or
- an amount equal to the lease liability, adjusted for by the amount of any prepaid or accrued lease payments.

Revenue

Revenue represents fees receivable for the arranging and servicing of finance through the marketplace lending platform.

Revenue earned for the arrangement of finance is classified as arrangement fees and is recognised immediately once loans are fully funded on the marketplace, after the loans are accepted by the borrowers. Such fees are automatically deducted from the amount borrowed and recognised at that point as the company has the right to consideration.

Revenue earned from servicing of finance via the marketplace lending platform is recognised at the beginning of the contract to the extent of the minimum revenue entitlement to be contractually received by the company in relation to the loan agreement, and thereafter on receipt.

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the company's activities. All revenue recorded in the financial statements is generated in the UK and sourced from financing transactions. All fees are calculated based on the above revenue recognition policy.

Interest receivable

Interest receivable is recognised on an accruals basis within 'Interest income' in the statement of comprehensive income.

Administrative expenses

Expenses are recognised as an expense in the statement of comprehensive income in the period in which they are incurred on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on property, plant and equipment is charged to the profit and loss so as to write off their value, over their estimated useful lives, using the following methods:

Plant and machinery	-	25% on cost
Fixture and fittings	-	25% on cost
Computer equipment	-	25% on cost
Right of use assets	-	straight line over 8.5 years

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Intangible assets

Intangible assets are stated cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated to write off the cost of the intangible assets over their useful life as follows:

Website development	-	20% on cost
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The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated and an impairment provision made if appropriate.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Financial assets

The company determines the classification of its financial assets at initial recognition. From 1 April 2018 the requirements of IFRS 9 for classification and subsequent measurement have been applied which require financial assets to be classified based on the company's business model for managing the asset, and the contractual cash flow characteristics of the asset:

- Financial assets are measured at amortised cost if they are held within a business model the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.
- Financial assets are measured at fair value through profit or loss if they are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.
- Financial assets that do not meet the criteria to be amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. In addition, the company may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The company does not recognise on its balance sheet loans arranged between borrowers and investors as it is not a principal party to the contracts and is not exposed to the risks and rewards of these loans.

Other financial assets

Financial assets recognised in the balance sheet as trade and other receivables are classified as loans and receivables (from 1 April 2018: amortised cost). They are recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Impairment of financial assets

The company applied the impairment requirements of IFRS 9. The IFRS 9 impairment model introduces a three-stage approach:

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (that is, expected losses arising from the risk of default in the next 12 months) are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but are not credit-impaired. For these assets, lifetime ECL (that is, expected losses arising from the risk of default over the life of the financial instrument) are recognised, and interest revenue is still calculated on the gross carrying amount of the asset.

Stage 3 consists of financial assets that are credit-impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For these assets, lifetime ECL are also recognised, but interest revenue is calculated on the net carrying amount (that is, net of the ECL allowance).

The introduction of the 'expected credit loss' model has not significantly impacted the company's accounting as it does not have any complex financial instruments or material credit risks. The company uses its historical experience, external indicators and forward-looking information to calculate expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the company has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients.

The company derecognises a transferred financial assets if it transfers substantially all the risks and rewards of ownership.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred tax assets for unused tax losses, tax credits and deductible temporary are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the year-end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax balances are not discounted.

Research and development

Expenditure on research is expensed in the profit or loss in the year in which it occurred. Development expenditure is capitalised in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in IFRS 16.

The company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The company presents right of use assets separately on the statement of financial position.

The company has elected not to recognise right of use assets and lease liabilities for leases of low value assets or short-term leases. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

2. ACCOUNTING POLICIES - continued

Pension obligations

The company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions payable to the company's pension scheme are charged to the Statement of comprehensive income in the period to which they relate. The company has no further payment obligations once the contributions have been paid

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the key sources of estimation uncertainty that the directors have made in the process of applying the company's accounting policies and have the most significant effect on the amounts recognised in the financial statements. There are no further critical accounting judgements.

Useful life of intangible assets

The assessment of the useful economic life of the company's internally developed and acquired software and licences is judgemental and can change due to obsolescence due to unforeseen technological developments, and other factors. The useful life of licences represents management's view of the expected term over which the company will receive benefits from the software, and does not exceed the licence term. For internally developed and acquired software the life is based on historical experience with similar products as well as anticipation of future events which may impact their useful economic life.

Financial risk management

The Board has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The company's activities are reviewed regularly and potential risks are considered.

Risk factors

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- loan due from and payable to related undertakings
- trade and other receivables
- cash and cash equivalents
- trade and other payables
- categorisation of financial assets and financial liabilities

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

The table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instrument as at 31 March 2021:

	Carrying amount £	Fair value £
Assets		
Trade and other receivables	3,497,757	3,497,757
Cash and cash equivalents	4,940,250	4,940,250
	<u>8,438,007</u>	<u>8,438,007</u>
Liabilities		
Trade and other payable	3,820,150	3,820,150
Interest bearing loan	67,500	67,500
	<u>3,887,650</u>	<u>3,887,650</u>

The table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instrument as at 31 March 2020:

	Carrying amount £	Fair value £
Assets		
Trade and other receivables	2,921,616	2,921,616
Cash and cash equivalents	2,126,652	2,126,652
	<u>5,048,268</u>	<u>5,048,268</u>
Liabilities		
Trade and other payable	3,772,546	3,772,546
Interest bearing loan	128,907	128,907
	<u>3,901,453</u>	<u>3,901,453</u>

Financial instruments measured at amortised cost

Financial instruments measured at amortised cost, rather than fair value, include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and payables/receivables to/from related parties. Due to their short-term nature, the carrying value of each of the above financial instruments approximates to their fair value

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and cash and cash equivalents held at banks.

The company's maximum exposure to credit risk by class of financial asset is as follows:

	2021 £	2020 £
Assets		
Trade and other receivables	3,497,757	2,921,616
Cash and cash equivalents	4,940,250	2,126,652
	<u>8,438,007</u>	<u>5,048,268</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

Trade receivables of £1,854,609 (2020: £2,691,897) represent invoiced amount in respect of due deferred arrangement or exit fees from borrowers. The risk of financial loss is deemed minimal because all loans are secured.

Ongoing credit evaluation is performed on the financial condition of other receivable and, where appropriate, a provision for impairment is recorded in the financial statements.

Individual risk limits for banks and financial institutions are set by external rating agencies. The credit risk on cash and cash equivalents is managed under the company's treasury policy that stipulates the limits and quantities that the company must remain within. No credit or counter party limits were exceeded during the year.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's position.

The company's liquidity position is monitored and reviewed on an ongoing basis by the directors.

Capital management

The company's objective when managing capital is to safeguard its ability to continue as a going concern and to meet the FCA regulatory capital requirements. Financial performance is regularly reviewed by various committees in the business, focusing on the amount of regulatory and working capital needed. This is especially important as the business continues to expand. The process includes the monitoring of FCA returns as well as the annual budget and forecast process from which cashflow and capital assessments and projections are made.

4. **EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Wages and salaries	5,303,304	5,201,494
Social security costs	746,003	792,888
Other pension costs	224,386	201,729
	<u>6,273,693</u>	<u>6,196,111</u>

The average number of employees during the year was as follows:

	2021	2020
IT	17	15
Operations, support and administrative	102	93
	<u>119</u>	<u>108</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

4. EMPLOYEES AND DIRECTORS - continued

	2021	2020
	£	£
Director's remuneration (inc BIK)	<u>783,811</u>	<u>837,074</u>
Highest paid Director	<u>783,811</u>	<u>837,074</u>
Director's remuneration (inc BIK)	<u>£ 146,250</u>	<u>£ 158,711</u>
	<u>146,250</u>	<u>158,711</u>

The directors are also the key management personnel of the company.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Other interest paid	17,896	12,939
Loan interest	58,886	(48,340)
Leasing	<u>80,542</u>	<u>93,093</u>
	<u>157,324</u>	<u>57,692</u>

6. PROFIT/(LOSS) BEFORE TAXATION

	2021	2020
	£	£
Depreciation - owned assets	181,988	107,808
Depreciation - HP assets	-	67,500
Depreciation - right-of-use assets	220,664	220,665
Amortisation - development costs	799,111	595,118
Auditor's remuneration	<u>21,000</u>	<u>21,000</u>
	<u>1,222,763</u>	<u>1,012,091</u>

7. TAXATION

Analysis of tax income

	2021	2020
	£	£
Current tax:		
Corporation tax prior years	(344,210)	(302,085)
Deferred tax	<u>(15,653)</u>	<u>15,653</u>
Total tax income in profit and loss account	<u>(359,863)</u>	<u>(286,432)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

8. INTANGIBLE ASSETS

	Development costs £
COST	
At 1st April 2020	4,204,248
Additions	1,415,672
At 31st March 2021	5,619,920
AMORTISATION	
At 1st April 2020	2,107,895
Amortisation for year	799,111
At 31st March 2021	2,907,006
NET BOOK VALUE	
At 31st March 2021	2,712,914
At 31st March 2020	2,096,353

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1st April 2020	201,850	352,111	245,856	799,817
Additions	739	-	13,656	14,395
At 31st March 2021	202,589	352,111	259,512	814,212
DEPRECIATION				
At 1st April 2020	152,614	264,041	115,045	531,700
Charge for year	47,253	85,124	49,611	181,988
At 31st March 2021	199,867	349,165	164,656	713,688
NET BOOK VALUE				
At 31st March 2021	2,722	2,946	94,856	100,524
At 31st March 2020	49,236	88,070	130,811	268,117

The net book value of fixture and fittings includes £nil (2020: £67,500) in respect of assets held under hire purchase contract.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

10. **RIGHT-OF-USE ASSETS**

	Total £
FAIR VALUE	
At 1st April 2020	
and 31st March 2021	<u>1,875,648</u>
DEPRECIATION	
At 1st April 2020	220,665
Charge for year	<u>220,664</u>
At 31st March 2021	<u>441,329</u>
NET BOOK VALUE	
At 31st March 2021	<u>1,434,319</u>
At 31st March 2020	<u>1,654,983</u>

11. **TRADE AND OTHER RECEIVABLES**

	2021 £	2020 £
Amounts falling due within one year:		
Trade receivables	1,546,528	1,936,080
Amounts owed by group undertakings	958,945	114,968
Other receivables	507,440	62,116
Prepayments and accrued income	<u>126,763</u>	<u>52,635</u>
	<u>3,139,676</u>	<u>2,165,799</u>
Amounts falling due after more than one year:		
Trade receivables	<u>308,081</u>	<u>755,817</u>
Aggregate amounts	<u>3,447,757</u>	<u>2,921,616</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Receivables from related undertakings are interest free and repayable on demand.

No trade receivables were impaired.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

12. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Leases (see note 14)	286,108	285,056
Trade payables	713,097	584,158
Social security and other taxes	239,916	426,386
VAT	25,190	22,869
Other payables	311,575	442,314
Accrued expenses	700,611	286,002
	<u>2,276,497</u>	<u>2,046,785</u>

13. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Leases (see note 14)	<u>1,561,153</u>	<u>1,854,668</u>

14. FINANCIAL LIABILITIES - BORROWINGS

	2021	2020
	£	£
Current:		
Leases (see note 15)	<u>286,108</u>	<u>285,056</u>
Non-current:		
Leases (see note 15)	<u>1,561,153</u>	<u>1,854,668</u>

Terms and debt repayment schedule

	1 year or less	1-2 years	2-5 years	More than 5 years	Totals
	£	£	£	£	£
Leases	<u>286,108</u>	<u>281,160</u>	<u>549,976</u>	<u>730,017</u>	<u>1,847,261</u>

15. LEASING
Other leases

	2021	2020
	£	£
Short-term leases	<u>220,664</u>	<u>220,665</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

15. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	2021 £	2020 £
Gross obligations repayable:		
Within one year	272,522	271,472
Between one and five years	823,322	824,143
In more than five years	730,017	1,011,281
	<u>1,825,861</u>	<u>2,106,896</u>
Finance charges repayable:		
Within one year	(13,586)	(13,584)
Between one and five years	(7,814)	(19,244)
	<u>(21,400)</u>	<u>(32,828)</u>
Net obligations repayable:		
Within one year	286,108	285,056
Between one and five years	831,136	843,387
In more than five years	730,017	1,011,281
	<u>1,847,261</u>	<u>2,139,724</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2021 £	2020 £
Hire purchase	<u>67,500</u>	<u>128,907</u>

17. PROVISIONS FOR LIABILITIES

	2021 £	2020 £
Deferred tax	<u>-</u>	<u>15,653</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31st March 2021

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1st April 2020	15,653
Provided during year	<u>(15,653)</u>
Balance at 31st March 2021	<u>-</u>

18. SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2021 £ <u>203</u>	2020 £ <u>183</u>
203	Ordinary			

20 ordinary shares were issued in March 2021 at £50,000 per share.

19. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1st April 2020	(4,032,428)	9,182,860	5,150,432
Profit for the year	2,647,499		2,647,499
Cash share issue	-	999,980	999,980
At 31st March 2021	<u>(1,384,929)</u>	<u>10,182,840</u>	<u>8,797,911</u>

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent company of the largest and smallest group that includes the company and for which group financial statements are prepared is Assetz Capital Limited. Copies of Assetz Capital Limited financial statements can be obtained from the registered office at Assetz House, Manchester Green, 335 Styal Road, Manchester, M22 5LW.

The directors do not consider there to be one single ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.