lendinvest

Annual Report 2016

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COMPANIES HOUSE

LENDINVEST LIMITED

Registered number 08146929

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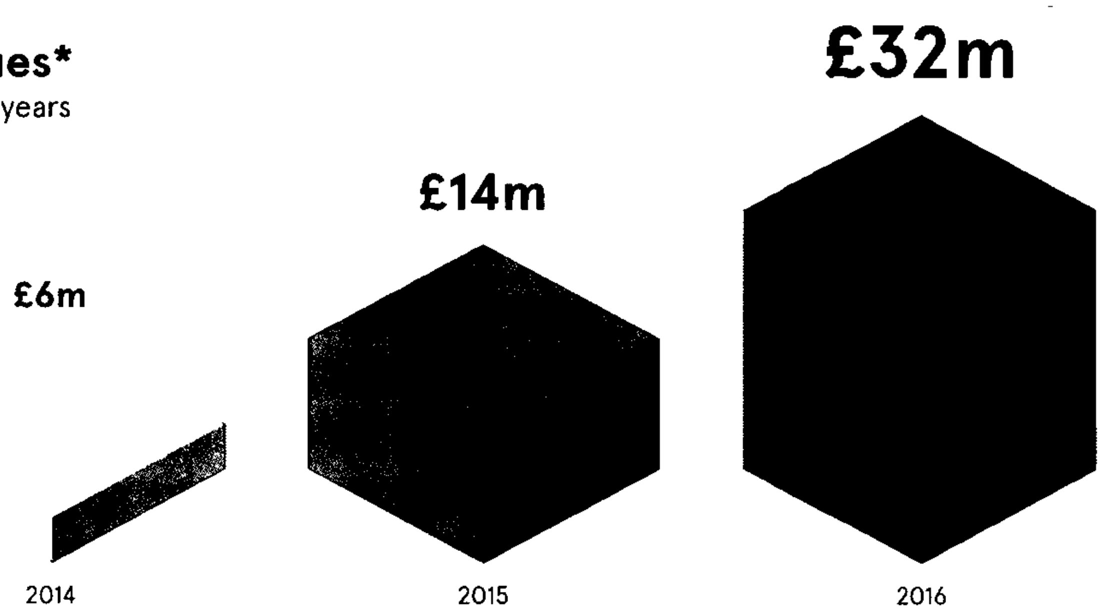
LendInvest at a glance

Revenues*
over three years



*Revenue generated by on and off balance sheet assets managed by the group

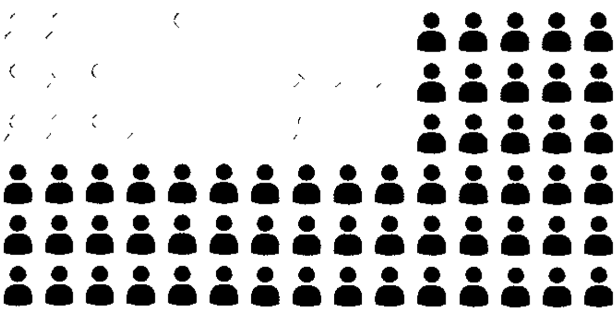
Profits
over three years

£1.2m
2014

£3.3m
2015

£3.4m
2016

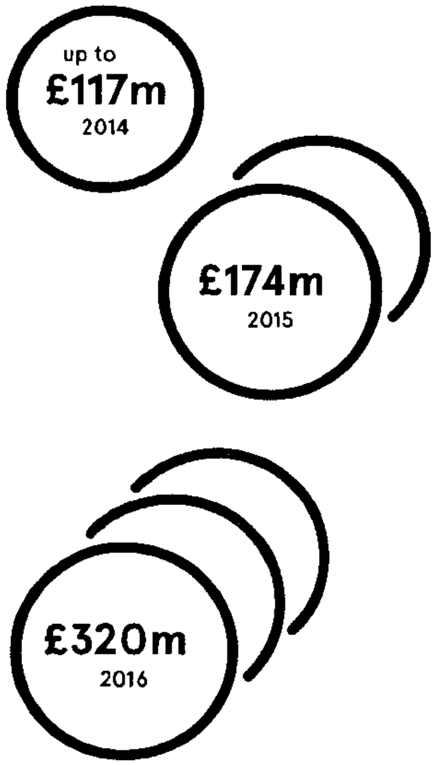
Staff
y-o-y threefold increase



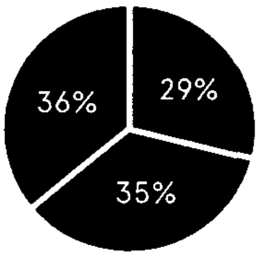
115 employees at October 2016

x3

Total annual loans



Diverse Funding Model
Three broad capital sources



Funding Lines
Marketplace Platform
Lendinvest Capital

lendinvest

Bridging Loans

Development Finance

Funding Milestones
March 2016

£611m
total loans lent by financial year-end

Almost **£1 billion**
total valuation of properties ever funded

£320m
loans lent in year

Strong Inflow of Capital

Across all three funding sources:

200%
y-o-y increase

Number of platform investors
(FY2015 to FY2016)

Four funding lines up from two in FY2015
(by time of publication)

25%
y-o-y increase
March 2016

Record fundraising into LendInvest Real Estate Opportunity Fund

Launches

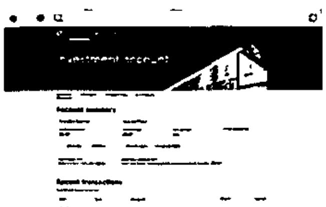
During the year

Development Finance Product

14 deals completed in first four months

Intermediaries Website

Launched June 2016



New investment platform

(Launched since year-end)

Awards & Rankings

During the year

The2016 FinTech 50

MISHCON THE LEAP 100

FINALIST

ESTATES GAZETTE AWARDS2015 FINALIST

FUTURE 50 WINNER

startups

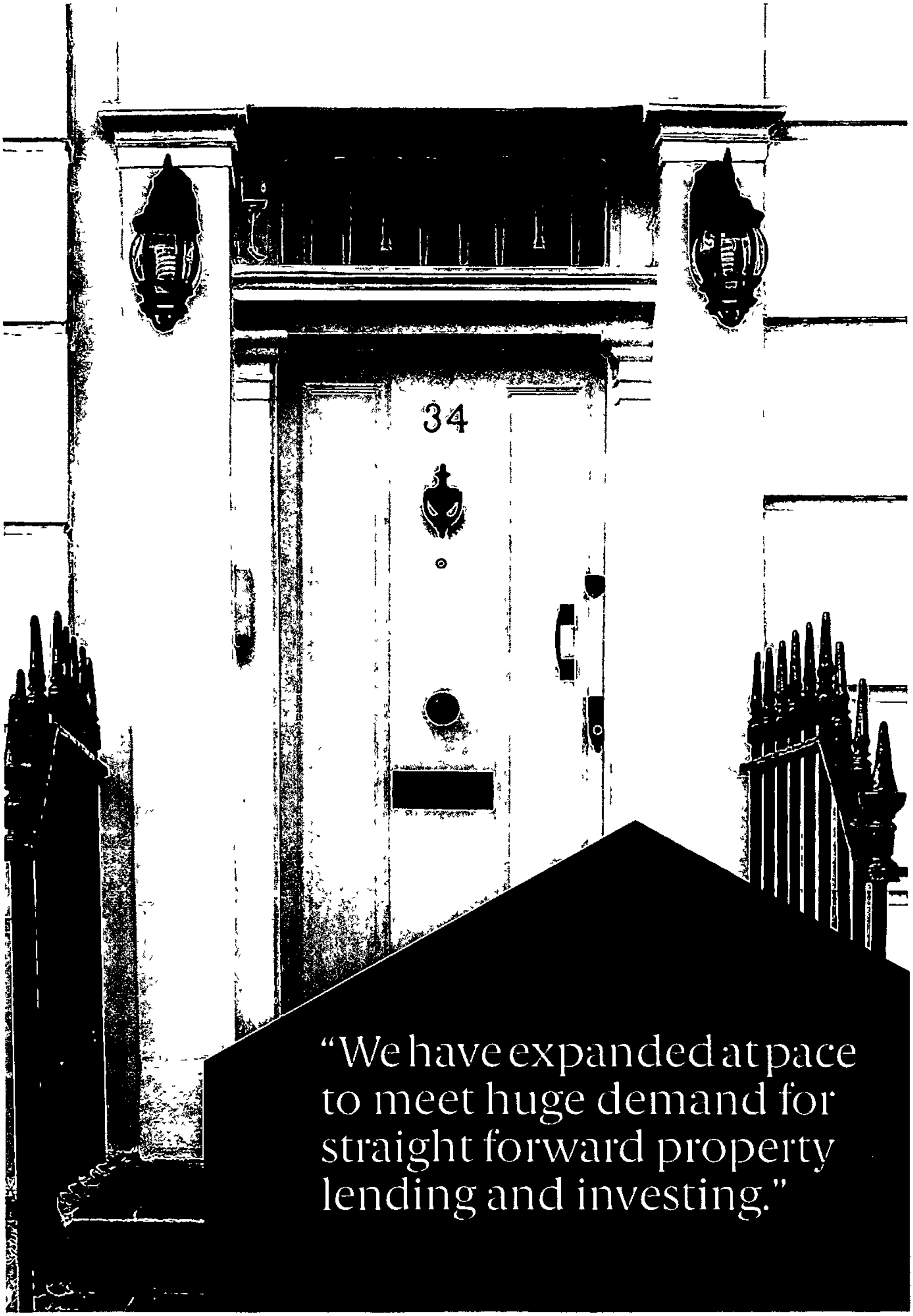
WINNER 2015

"LendInvest is a great example of what can be achieved through fintech technology, opening up the world of lending and mortgages to a new generation of tech savvy consumers."

Mattias Ljungman,
Co-Founder, Atomico

"...LendInvest has big ambitions to shake up UK property lending"

Hugo Greenhalgh,
Correspondent at Financial Times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“We have expanded at pace to meet huge demand for straight forward property lending and investing.”

Chief Executive Officer's Review

Christian Faes
Co-Founder & Chief Executive Officer

A Transformational Year

It has been another great year for LendInvest during which we have expanded at pace to meet huge demand for straight-talking and straight-forward property lending and investing

LendInvest has become a leading name in the UK for specialist property finance and we believe we operate the world s largest online investment platform dedicated to property These are great achievements for a company launched just over three years ago

We make no secret of our ambition to be a mainstream financial services brand While the LendInvest of today may be unrecognisable from its first incarnation as a start-up in 2013 we are only starting out on the journey to where we want to be

Yet our path is clear to us Along the way we are creating a truly diversified funding model delivering value to our stakeholders and consolidating our dominant position in the online lending market

"We focused attention on building one of the mostdiversifiedonline lending businesses in the world."

Reinventing property finance

LendInvest was founded with a simple mission to reinvent the mortgage

Over the past year we haven't wavered from that goal and we have stayed focused

Whether it's making the process of getting a mortgage a better customer experience providing crucial funding to underserved creditworthy borrowers or making the mortgage an accessible investment option we are on our way to achieving our ambition

It began as a mission to rewrite the way that mortgages are processed, using technology to make swifter, better underwriting decisions that create a superior customer experience

Almost three years on we are creating online tools and processes that let us compete with - and regularly beat - the UK's most established mortgage lenders Elsewhere in the market the average mortgage application takes three months to complete at LendInvest, we are now turning around expertly-underwritten loan decisions within days for our borrowers

Our proposition to make mortgages an investable asset class has gained traction with total loans originated up 84% year-on-year for the twelve months to March 2016 Executing a broad business development strategy over the year, we attracted significant investments across all three target capital sources, consistently delivering to our investors annual returns of between 5 and 9%

Creating a profitable, solid business

It is with huge pride and satisfaction that we declare a third consecutive year of profits, becoming we believe the first UK business with an online investment platform to do so

This year we are pleased to report a profit from operations of £3 4m based on £32m of revenues (that include off balance sheet managed assets)

Our preoccupation with delivering value to our shareholders distinguishes us from many rival growth businesses operating in the financial technology market Like the rest though we have serious designs on disrupting the market we operate in However, it has always been our intention to create a business model that can continually do so while making money generating surplus that is reinvested in recruiting talent developing technology and delivering on our ambition

Diversifying for stability

Over the year, we focused attention on building one of the most diversified online lending and investing businesses in the world

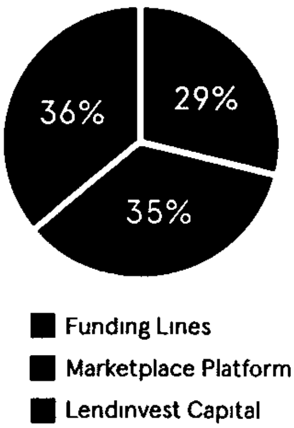
"keeping us at the forefront of the online evolution that's taking hold in the mortgage space."

To us maintaining a healthy and proportionate mix of investment sources is critical to a stable funding environment that delivers good returns to investors and ensures certainty of funding to borrowers through the economic cycle

In 2015 we did not favour one source of capital over another and invested heavily in people and internal resources to increase inflows through our three main channels We now have a dedicated capital markets team that maintains an open dialogue with most of the world s leading institutional investors

Our online investment platform

The number of investors actively registered to our online platform to manage a portfolio of individual loans grew 200% year-on-year to March 2016 General market awareness of the online lending proposition fuelled this growth helped by a comprehensive marketing and advertising campaign rolled out in the fourth quarter across London and the Southeast of England



Our funds

Our funds management division, LendInvest Capital manages two regulated funds which continue to perform strongly Our flagship vehicle the Luxembourg-based LendInvest Real Estate Opportunity Fund grew by 49 6% over the year, accommodating new investors from Europe Asia-Pacific and Middle East who are attracted to the competitiveness of returns provided by UK real estate

This fund ended the year with its most successful month since inception In March 2016 alone, investors committed £10 million of new investment into the fund 80% of these investors were altogether new to LendInvest

Our funding lines

Dedicated institutional funding lines have become a crucial component of our funding mix, and today national and international banks contribute a third of funds invested in the loans we originate We continue to talk to a number of other banks about these lines of credit as they consider their exposure to both marketplace lending and real estate investment opportunities Shortly after year-end, we also agreed a £40 million warehouse funding line with Macquarie Group, our fourth funding line This line will accelerate the move into longer duration lending that we aspire to achieve in the next financial year and may be a useful stepping stone towards securitising our assets for even greater scalability

Remaining well-capitalised

Until summer 2015 we were a fully self-funded business at which point we completed external investments for the first time In June 2015, we agreed a £22 million investment from Beijing Kunlun a listed chinese technology company This was followed in March 2016 by a £17 million equity investment from Atomico, the European venture capital firm established and led by Niklas Zennstrom the founder of Skype and Mattias Ljungman

Not only is Atomico s backing important for building the stability from which we can scale our lending plans at pace but to receive such sizeable support from global tech specialists sets us up to be a formidable force bringing technology to the mortgage market

Alongside the investment we were delighted to welcome Mattias Ljungman, partner at Atomico to our Board of Directors Here his expert steer is proving invaluable as we take the next steps in our growth story

At year-end, the company remained very well-capitalised for organic and opportunistic growth in the year to come

Listening to our customers

In the year to March 2016 we lent more than we lent in the preceding 18 months £320 million bringing our total lending volume to £611 million since inception In the six months since year end we lent a further £150 million

In the calendar year 2015, we lent finance against over 1,200 new or renovated houses - equating to just over 1% of all privately-built homes in the UK in that period For a relatively new entrant in the competitive mortgage market this was an exciting milestone to surpass - and a benchmark against which we can measure our growing contribution to the campaign to stem the national housing deficit

The year also saw us actively begin to diversify our product range, moving beyond bridging finance to launch our first development finance product for experienced property developers

Accessing funds continues to be a common problem for small-scale developers as my co-founder Ian Thomas sets out overleaf Here there lies a great opportunity for alternative lenders like LendInvest to tackle

The mortgage broking market continues to be an integral conduit to the community of borrowers, with approximately 70% of our deals originated through our network of intermediaries In the months since year-end, we rolled out improved online functionality designed for mortgage broker partners who need quick access to our products and decisive online interaction with us

Welcoming regulation

LendInvest has been a regulated fund manager since 2010 (initially under the brand Montello) and we have been active members since 2013 of our industry associations that lobby government and the Financial Conduct Authority for fair and proportionate regulation of this new and disruptive financial services sector

To us the right regulatory parameters are those that will recognise the advantages of online lending, and protect us and our platform customers from undue credit risk, while never stifling opportunities to innovate and push boundaries

Attracting talent

As I remarked in our last Report the success of our business depends on the quality of the people that choose to join us Over the year we recruited heavily across all levels tripling the total staff count from 30 to over 100 people by summer 2016

I am proud of our ability to attract senior executives from global brands like CBRE Investec, RBS and Macquarie to join our team We are also seeing the fruits of their appointments as they build their own teams and bring out the best of those that join us at earlier points in their careers

Since year-end we announced that Stephan Wilcke former executive chairman of OneSavings Bank has joined us as a Senior Advisor to the business With a financial services career that spans nearly 25 years and combines a distinctive mix of leadership roles at commercial government-backed and regulatory institutions Stephan can help us to think big and put aspirations into action The financial services world is one that s subject to ever-growing layers of regulation An open door to Stephan's battle-hardened skills and extensive network will be invaluable to us as we continue to grow

> "2016 will be a year of expansion as we exploit our leading edge."

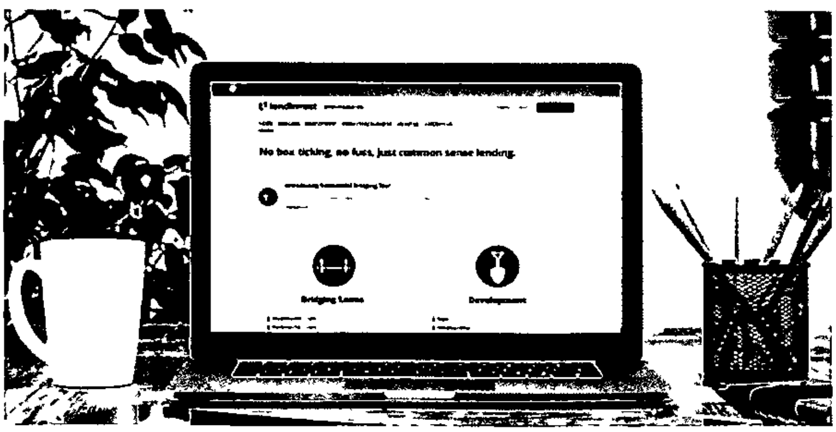
Thinking big

With the demand proven and the Group's third profitable year on record 2016 will be a year of expansion as we exploit our leading edge

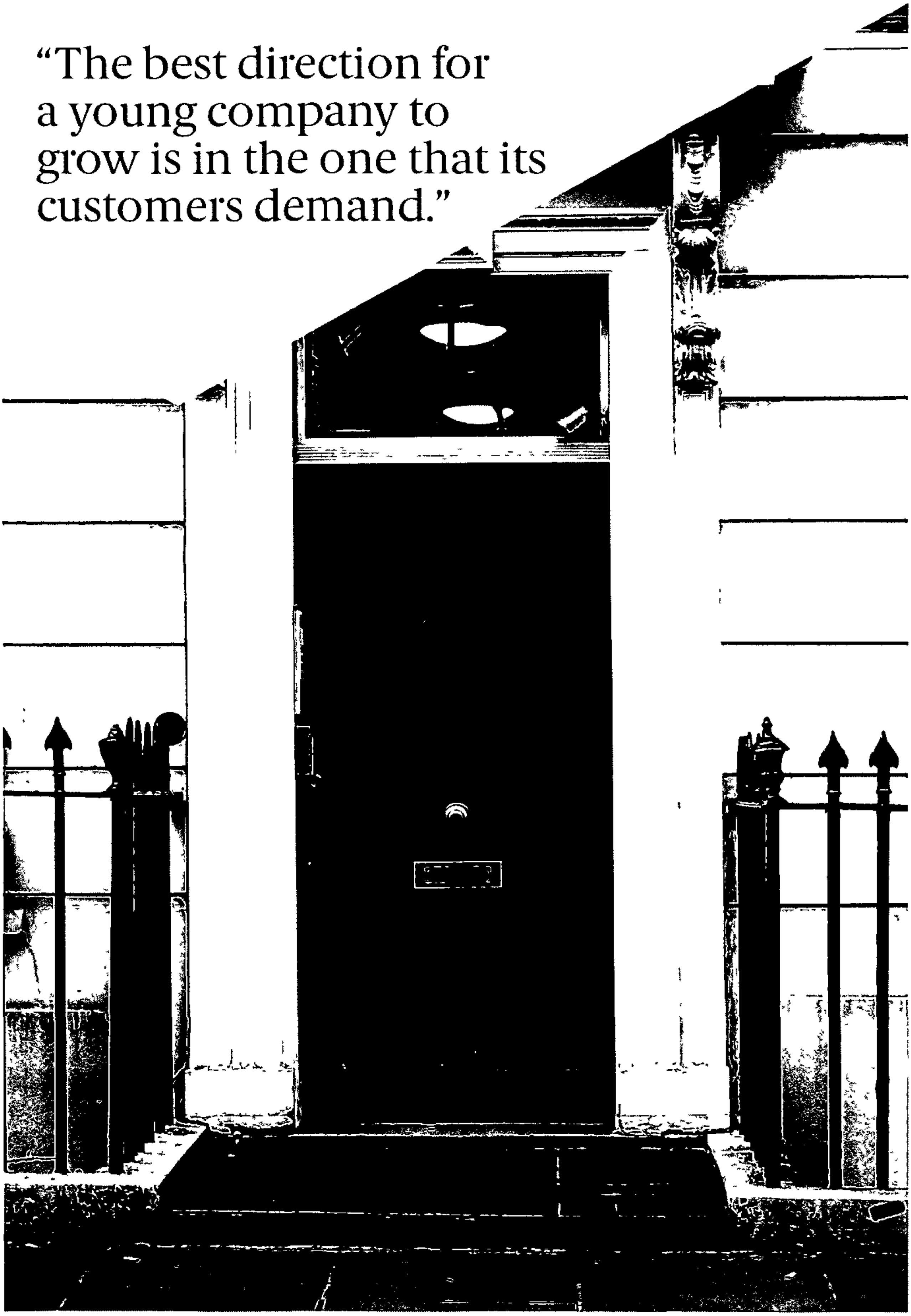
The reception this year from borrowers to our competitive products and service gives us confidence in the broad range of offerings we intend to bring to market over the year to come

Their enthusiasm to work with us is matched too by the appetite by investors to take advantage of the well-considered investment opportunity we make available

Christian Faes
Co-Founder & Chief Executive Officer



"The best direction for a young company to grow is in the one that its customers demand."



Chief Investment Officer's Review

Ian Thomas
Co-Founder & Chief Investment Officer

We understand property

An unrelenting focus on creating great mortgage products that customers need want and value has put us in a position of strength both as a source of short-term property finance and a business that delivers competitive investment returns

Crucial to the success of our business development decisions have been the people we recruit as the company grows Through careful and considered selection processes we spent the year building a team of property specialists investment professionals and technologists who are able to anticipate the demands of our customers build the tools that cater to them and manage their experience with LendInvest

Over the year we lent £320 million to property entrepreneurs with funds invested by an expanding number (and variety) of small through to institutional investors

Building our product portfolio

The best direction for a young company to grow is in the one that its customers demand By adhering to this principle, our market share of the short term property finance market now stands at more than 10%

We have room to grow this proportion further without impinging on credit quality but have invested heavily to develop complementary products that will be brought to market as we enter a broader range of commercial mortgage markets

In particular, we aim to develop longer duration loan products that enable us to attract a wider pool of prospective borrowers while catering for investor demand for high-yielding longer-term investment options

Commencing this strategy, in December 2015 we appointed a former RBS real estate restructuring executive to bring to market our first official development finance product that is available on terms up to three years Adding this to our product range was a natural next step for the company and has been received well to date especially by our existing bridging finance borrowers who have a good track record for servicing their loans and are looking for next-stage funds for their property projects

Entering the development finance market we are focused on the UK s sub-£10 million development sector where we see our opportunity to achieve scale at a decent pace The availability of funds from banks and insurers continues to be low in this market, while demand from small-scale developers stays high The high street banks that returned to development in recent years have a significantly reduced appetite to lend at the smaller end of the market For them, the commercially attractive deals happen in the higher-end, larger-volume bigger-margin space

This leaves a considerable market opportunity to be exploited by an experienced specialist lender unencumbered by the legacy systems and expense ratio of old-fashioned banks

"a sustainable balance between lending growth and credit risk."

In its first four months our new development team closed on average a deal a week ranging in size from £400 000 to £10 million By the end of March 2016 the team had completed 14 deals including the £5 85 million conversion of an old commercial unit in North West London into 19 new homes Performance to date has set a positive tone for growth during the next fiscal year

Putting risk first

The appointment in August 2015 of Roy Armitage previously Head of Credit and Risk executive at Kensington Mortgages (Investec), marked a milestone for LendInvest and our commitment to taking risk seriously On pages 18 to 19 of this Report Roy outlines his approach as LendInvest's first Head of Credit to risk mitigation and his strategy to evolve credit and underwriting controls in line with the way the property and marketplace lending markets develop

We will never lend at any price and pride ourselves on having achieved a sustainable balance between lending growth and credit risk We are not only developing faster more flexible mortgage products but a truly original and investable asset class that delivers competitive risk-adjusted returns

At the heart of our risk strategy is robust due diligence carried out by our experienced independent and committed underwriters The team Roy is building is one of exceptional strength with over 75 years of combined experience in mortgage underwriting and servicing

Maximising upside from tax treatment changes

2015 saw a number of important announcements by George Osborne and his Treasury in the months after the Conservatives' General Election victory which aim to tackle the crisis of home ownership One part of the new government's housing plan included a 3% increase in stamp duty tax from April 2016 on all purchases of additional properties such as buy-to-lets and second homes

We consider this to be part of a campaign to further professionalise the landlord and developer market removing from the sector over time, the part-time landlords that the government fears are taking valuable housing stock out of the market for aspiring homeowners

The profile of our typical borrower is a property professional who is able to mitigate some of the impact of tax changes by planning carefully and thinking long-term about their rental portfolios As a result we do not envisage a marked decline in business as the Chancellor's tax treatment changes come into effect

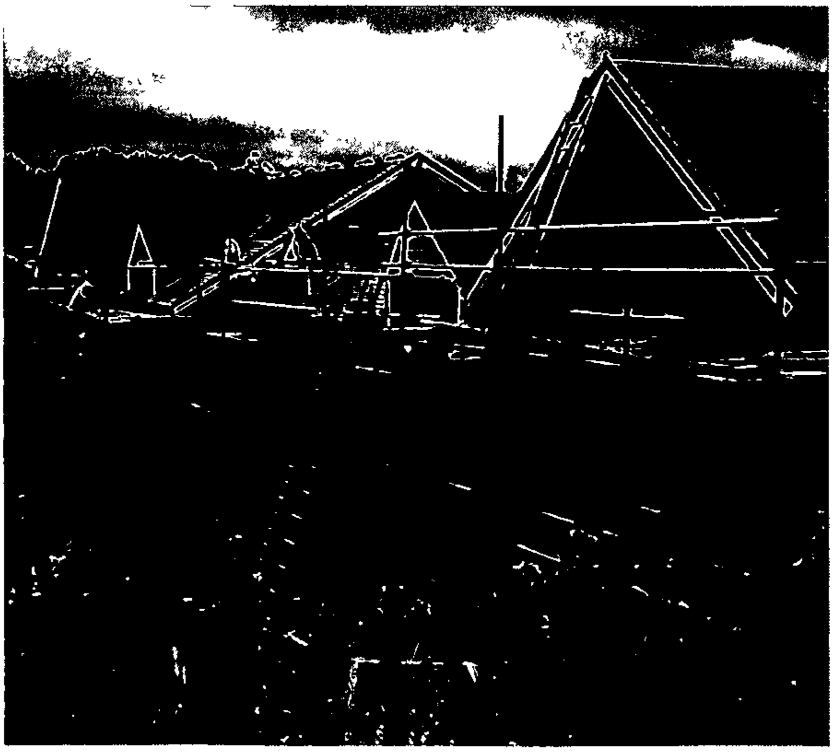
March 2016 was consequently a very busy month for our deal and underwriting teams as we wrote over £50 million of loans for borrowers eager to complete purchases ahead of the stamp duty increase deadline We never had to apply a strict deadline for applications like many other lenders had to in this period helped by our technology-enabled inhouse processes that streamline and accelerate the underwriting process

Despite the changes Britain's desire to invest in property is strong While the amateur landlord life may be less attractive after the tax changes, we are noting a growing appetite by investors to look to LendInvest for an alternative access point to make money from property without actually having to become a landlord

Safeguarding against headwinds

UK property is regarded as a bellwether for the economic health of the country at large and during 2015 we, like many lenders became aware of a softening in demand for the London prime residential market Falling demand from foreign buyers was impacting prices and demand for property valued at £2 million and over Additionally significant expansion of the sector for new build flats worth £1 million or more was causing concern about a short to medium term over-supply bubble in the capital

While these markets have never been a source of many LendInvest deals, we protected ourselves against it over the second half of the last financial year reducing the exposure we have to prime London property to a relatively low level



> "the British people's desire to invest in property is strong."

Concurrently, we capitalised on signs of greater liquidity in property beyond the capital doubling the size of our business development and loan servicing teams to have capacity to consider more applications outside London We subsequently funded projects in many densely populated towns including Nottingham Birmingham and Ipswich where the market is increasingly buoyant with mid-range, high-yielding property investment opportunities

By year-end the wheels were in motion to make our lending outside London more official Since year-end we have appointed our first business development manager outside of London who covers the Scottish market We are actively planning further regional launches over the year to come

In the months since year-end, the UK economy has been rocked by the decision by the country to leave the European Union Naturally it is a choice that may impact the LendInvest growth strategy However, we believe that the business we are building is one that can withstand major market shocks like this, additionally it is our view that the UK property market is resilient and fundamentally strong

In the days after the vote to leave we decided to tighten lending criteria for higher value cases and pause new second charge loans reflecting wider market caution We felt that redefining our lending criteria was the most responsible and prudent course of action at least until information became available about prime sales in the new market environment

By the time of this Report's publication we had not noted any material impact on investor appetite to invest in the loans we originate giving us confidence of the resilience of our own model to stay well-capitalised and well-diversified while market nerves remain

Ian Thomas
Co-Founder & Chief Investment Officer

"The high street banks that returned to development funding in recent years have a significantly reduced appetite to lend at the smaller end of the market."

Chief Financial Officer's Review

Derek Mochan
Chief Financial Officer

Continuing profitable growth

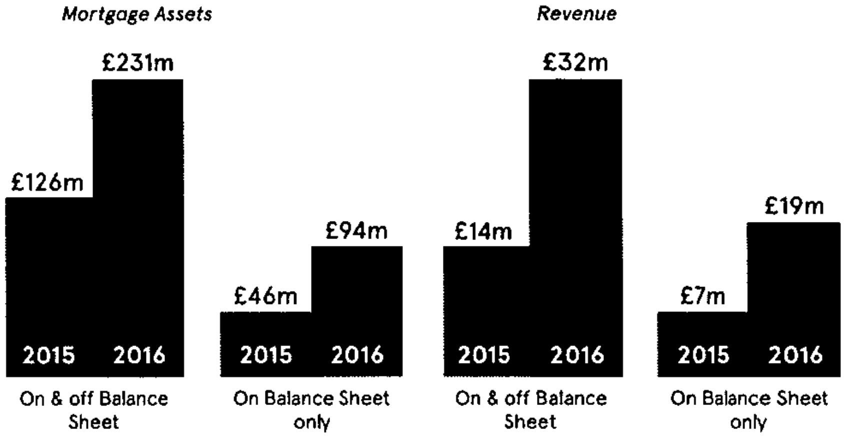
"During the year we established our Group structure, and now report our consolidated Group results under IFRS These show profits from operations in excess of £3 million for the second consecutive year, following an intensive period of investment in technology, infrastructure, people, brand and awareness We intend to continue growing like a tech company, but deliver credible, profitable results like a real finance company."

2015-16 financial highlights

- Group profit from operations of over £3 million under IFRS
- Lifetime lending of over £600 million by 31 March 2016
- Marketplace investor balances more than doubling to over £80 million during the year to 31 March 2016
- Marketing spend grew fourfold following our brand launch as well as significant out-of-home and online campaigns
- Our equity now stands at £10m following successful Series B fundraisings from tech VC Atomico

Group performance

Group performance is stated in accordance with IFRS consolidated accounting rules As a result we include all assets and liabilities that are "on balance sheet" for accounting purposes but excludes those that are "off balance sheet" "On balance sheet" assets are those held directly by our Group companies and assets financed through bank funding lines Assets that are "off balance sheet" are those held by our funds (LendInvest Income Fund and LendInvest Real Estate Opportunities Fund) as well as assets held by marketplace investors



However as a business we treat all assets to the same standard regardless of our IFRS reporting of them As a result, the same rigorous standards of loan origination, underwriting and servicing apply regardless of whether or not these assets are included in our financial statements

Our Key Performance Indicators noted below include assets that are owned by our funds or peer investors

During the period revenue more than doubled to £18 7 million on a IFRS basis and to £32 million on a gross basis Profit from Operations increased slightly to £3 4 million

Analysis of Key Performance Indicators

The performance of LendInvest Ltd is evaluated as part of the performance of the consolidated LendInvest Group of companies

The key performance indicators of LendInvest Group are

	2016	2015
Marketplace investor funds (£m) This represents investor's funds invested with us at the balance sheet date	**80.2**	31 4
Lifetime loan originations (£m) This represents all loans ever written by the business	**611 4**	291 6
Amount of loans outstanding (£m) This represents amounts owed to the business by borrowers at the balance sheet date	**231 0**	126 1
Capital loan losses (%)* This represents the capital losses in the period as a proportion of loans outstanding	**0 0**	0 0
Total loan losses (%)* This represents the capital and interest losses as a proportion of loans outstanding	**0.1**	0 0
Profit from operations (£m) This represents the amount of operating profit of the business	**3.4**	3 3

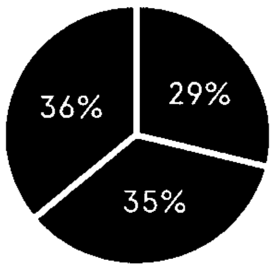
The key performance Indicators of LendInvest Ltd are

	2016	2015
Marketplace investor funds (£m) This represents investor s funds invested with us at the balance sheet date	80.2	31 4
Capital loan losses (%)* This represents the capital losses in the period as a proportion of loans outstanding	0.0	0 0
Total loan losses (%)* This represents the capital and interest losses as a proportion of loans outstanding	0.0	0 0
Profit from operations (£m) This represents the amount of operating profit of the Company	2.3	1 2

**As noted above we have made no capital losses When we refer to capital losses we are referring to losses of the principal initially advanced to a borrower However, we are aware that we have been operating in a favourable economic climate and a buoyant property market As a consequence we consider that past performance cannot necessarily be an effective indicator of future performance For instance significant declines in the economic environment or property market could result in higher losses As of the current date, provisions for losses including on and off balance sheet assets managed by the Group total £0 7 million (0 3% of loans outstanding)*

Diversified funding

Split of invested funds across three main capital sources



As shown above our funding is split between our three principal sources of funds, LendInvest Capital funds contributing the most currently We pre-fund our loans and depending on the timing of the funding we may also periodically hold loans on our balance sheet during the pre-funding process

The figures above show these loans as within LendInvest Capital funds

The figures above represent drawn funding As at year-end the Group had significant unutilised bank funding lines which places us in a good position to achieve further growth over the coming year Indeed post year-end the Group further increased its available funding through a number of further funding lines

Post balance sheet events

Macquarie Bank provided a £40 million warehouse facility

The UK government's changes to stamp duty and property tax rules, together with the Brexit referendum caused a temporary lull in the property finance market However confidence is returning

In June 2016 user servicer rating from ARC Ratings was reconfirmed as SQ1 the highest possible

In July 2016 the FCA announced a consultation on the peer-to-peer lending market

To date no major platform has received full authorisation but we anticipate these to come during this year

We agreed to repay our Series A redeemable preference shares this financial year

Going Concern

The directors believe and have reasonable expectations that the Company and Group have adequate resources both financial and non-financial, to continue operational activities for the foreseeable future Therefore, the financial statements of the Company and Group have been prepared on a going concern basis

"A year of growth, investment and , crucially, profitability"

2017 and beyond

We are confident that the Group is well positioned to flourish in the current economic environment The company is well-capitalised, profitable and has one of the most diverse funding bases of any UK mortgage or marketplace lender The UK's decision to leave the European Union is this sort of major market-moving event that we have built our business to be able to withstand

Property remains an attractive asset class, and one where demand currently outstrips supply While it's possible that we will see some downward movement in house prices particularly in London and the Southeast it is our firm belief that the UK property market remains fundamentally resilient Brexit may also provide an opportunity for the UK housing market to cool and reset in areas where rising house prices are stifling first time buyers and others that want to buy property Added to this the possibility of some interest rate fluctuation and the falling value of the pound against other currencies should go a long way to offsetting selling pressure

We will continue to diversify our funding base in all areas in order to increase our resilience to negative changes in the market

Fundamental to our success in the past year has been our control of risk and this will always remain a focus for a lending business We will continue to develop our industry best practice underwriting and credit monitoring in order to minimise credit risk while ensuring that we minimise exposure to FX and interest rate risk

While investment in the areas of technology infrastructure people, brand and awareness will continue we will ensure that this is at a pace that ensures we continue to deliver long-term profitability as well as growth We will not take unnecessary risks for short-term rewards Profitable growth is an integral part of our culture

Derek Mochan
Chief Financial Officer

Head of Credit Review

Roy Armitage
Head of Credit

Taking risk seriously

My position as LendInvest Head of Credit targets two key initiatives to build out a risk infrastructure that ensures robust systems and controls are in place that protect both the business and its investors, and to communicate the effectiveness of the risk framework with the company s key stakeholders including institutions regulators and ratings agencies

From case approval and funds release to loan servicing and oversight of pipeline cases an underwriting team must be satisfied on the soundness of these factors before any lending is agreed Our team now established is ideally suited to continue making sound and risk-based commercial judgements

Central to an efficient Credit Risk strategy is not only the implementation of underwriting, but also and crucially the servicing and collections activities after a mortgage loan has completed This leaves a considerable market opportunity to be exploited by an experienced specialist lender uncumbered by the legacy systems and expense ratio of old-fashioned banks

Underwriting

Over the year significant work was carried out to build on the good practice and infrastructure that already existed in LendInvest's underwriting team as well as to expand its resources with more mortgage professionals

In January 2016 Equifax was appointed as the company's primary credit referencing agency and has become a key partner to us as we develop our risk analytics and integrated bureau reporting

At the same time LendInvest became a member of CIFAS, the UK's leading independent fraud prevention system Fraud is a constant threat in the mortgage lending market Our membership to CIFAS provides us with first hand access to fraud data collected by primary industry police and government agencies as well as channels to fraud departments across the financial services industry Our use of CIFAS data augments the existing fraud controls we have in place supplied by SIRA (Synetics) and GBG (the Sanctions PEP and Identification system)

The underwriting team was further strengthened with two new experienced hires in the final quarter of the year Their prior experience of underwriting and risk mitigation make us better equipped than ever to ensure that all future borrower products that are launched are fully supported from the outset with a well-constructed underwriting perspective

Servicing

By the end of the financial year our portfolio of mortgages had grown to £231 million The speed at which these assets accumulated points to the success of the LendInvest business proposition of course but increased significantly demands on loan servicing Unlike many mortgage lenders whose products span multi-year durations these demands were felt more keenly at LendInvest where most mortgages are redeemed within one year

In the second half of the year we expanded our servicing team appointing an experienced Servicing Manager to manage a further two assistants The team is mandated to support our borrowers after completion of their loans while exploring strategic options to continuously improve payment collection and exit procedures

In June 2015 we received the global marketplace lending industry s first European rating by a credit rating agency ARC Ratings an agency registered with the European Securities and Markets Authority, awarded LendInvest a SQ1 Rating, the highest possible servicer quality rating that assesses the way in which we originate underwrite and service loans and acknowledges our team's hard work to develop market-leading underwriting and servicing standards Since year-end ARC Ratings has reaffirmed our SQ1 Rating after an annual review and re-evaluation

After year-end we appointed one of the world's most highly-rated loan servicing businesses to equip us with additional specialist resource over the long term to manage redemptions efficiently and expertly as our loan book expands

In case of emergency, break glass

An essential question for a Credit and Risk professional to plan for is a scenario however unlikely, that the company ceases to operate Over the year we assessed the duties we would have to our investors and borrowers in the event that this was to happen and have shared contingency plan with them

A key part of this plan is our appointment of a back-up service provider We have an appointed Capita the global business process outsourcing company that would step in and run our business as if we were fully operating, in the unlikely event that LendInvest was to become insolvent The agreement with them is specially designed to minimise any potential disruption to investors and give them confidence in their investment

Macro risk factors

The LendInvest Credit and Underwriting team is alive to all macro-economic risks

The Three 'C's of Credit

These three factors live at the heart of any credit control strategy in mortgage lending

C

- Capacity to pay & exit
- Credit profile
- Collateral security

threatening the appetite of customers to invest the ability of those to borrow as well as the company's own ability to maintain a healthy financial outlook

Over the year the macro-economic signs remained relatively stable, upholding steadily growing customer demand

The London property market operates in a 'micro climate' of its own that seemingly withstood most or all of the negative falls in value experienced elsewhere in the UK after the crash of 2008 Yet over the year, we became sensitive to a perceived softening in appetite for the capital s higher-end property market which Ian Thomas discusses in his Review, and we sought to reduce our exposure to it as a proportion of our total loan book Consequently over the final months of the year attention was sharpened to diversify our geographical preferences and originate more loan opportunities in areas outside of London and the Southeast

From a credit and risk perspective, this required a not inconsiderable recalibration of our attitude towards and understanding of creditworthiness of prospective borrowers and future property valuations across England and Wales.

Our analysis found that most regions outside London are now performing well with house prices up at around 7% per annum at year end, signalling a more liquid strong performing market in which to enter Added to this, the

> "we received the global marketplace lending industry's first European rating by a credit rating agency."

Crossrail project continues to have a positive impact on housing markets on the periphery of London and the ground swell of support for HS2 is making itself known before Parliamentary approval has been given

The Credit Year Ahead

By year-end the credit profile at LendInvest was extremely positive and growing in strength in a way that should provide confidence to all our stakeholders We continue to be the only UK online marketplace lending business to be rated by a rating agency highlighting our absolute commitment to creating best credit standards in the online lending sector

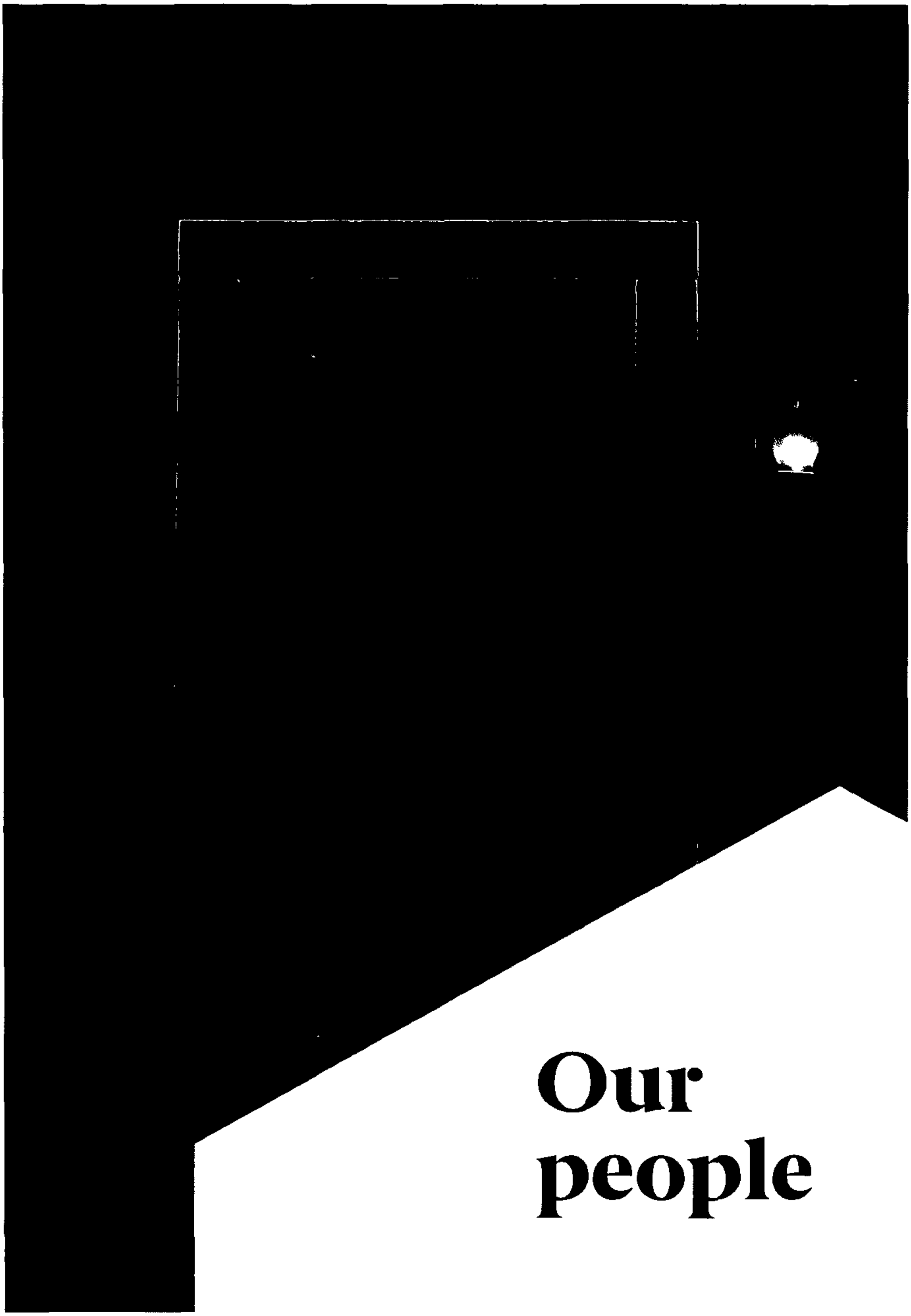
Uncertainty in the run-up to the EU Referendum in June 2016 created considerable concern in the more general economic outlook and caused some significant investment decisions to be delayed in the months immediately after year-end

The UK's vote to leave the European Union is the sort of seismic market event that we believe the majority of property investment professionals would have preferred not to see Anticipation of the EU Referendum created considerable concern to the more general economic outlook in the final quarter of the year and the subsequent vote to leave generated deep-rooted pessimism about prospects for the industry in the short-to-medium term

It may be that by the time of our 2017 Report, the property investment and development markets look quite different But thanks to a business model built on prudent, realistic and transparent credit controls we can expect to see LendInvest continue to thrive in a sustainable way

As a professional of risk mitigation I consider it is never wise to state that managing risk and credit is a job that is ever complete Rather, credit control is more a journey than a destination but we remain at the forefront and on the right path

Roy Armitage
Head of Credit



Our people

Board of Directors & Advisory Board

Christian Faes
Co-Founder & Chief Executive Officer

Property lawyer in Australia and then securitisation and corporate lawyer in London with Clifford Chance and Deutsche Bank

Ian Thomas
Co-Founder & Chief Investment Officer

Chartered surveyor with property development and management with SEGRO Plc and Ballymore Group

Mattias Ljungman
Non-Executive Director

Partner at Atomico, the multi-billion pound investor that's backed huge European successful stories like Klarna, Supercell, Rovio

Stephan Wilcke
Senior Adviser

Stephan was Former Executive Chairman of OneSavings Bank and former CEO of HM Treasury's Asset Protection Agency Currently Commissioner of the Jersey Financial Services Commission and Chairman of Amigo Loans Joined LendInvest in June 2016 as a Senior Adviser

Executive Team

Christian Faes
Co-Founder & Chief Executive Officer

Property lawyer in Australia, and then securitisation and corporate lawyer in London with Clifford Chance and Deutsche Bank

Ian Thomas
Co-Founder & Chief Investment Officer

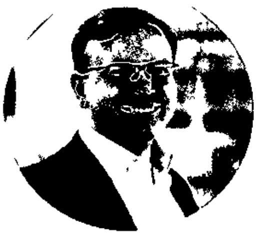
Chartered surveyor with property development and management with SEGRO Plc and Ballymore Group

Roy Armitage
Head of Credit

More than 40 years' experience as a senior mortgage credit executive Former Head of Risk & Compliance with specialist Buy-to-Let lender, Kensington Mortgages Previously at JP Morgan and Halifax mortgages

Rod Lockhart
Managing Director LendInvest Capital

A chartered surveyor and former senior director of CBRE Capital Advisors, advising UK and global institutional fund managers and pension scheme clients on real estate investments



Derek Mochan
Chief Financial Officer

A KPMG-trained chartered accountant and member of the Institute for Securities and Investment with 10 years' experience at GE (including chief financial officer at GE Commercial Finance)

Mike Nuttall
VP Engineering

Over 15 years senior management experience leading technology development for fast-growing digital companies including Moo com FanDuel Doctors Net UK and MedicAnimal

David Serafini
Chief Operating Officer

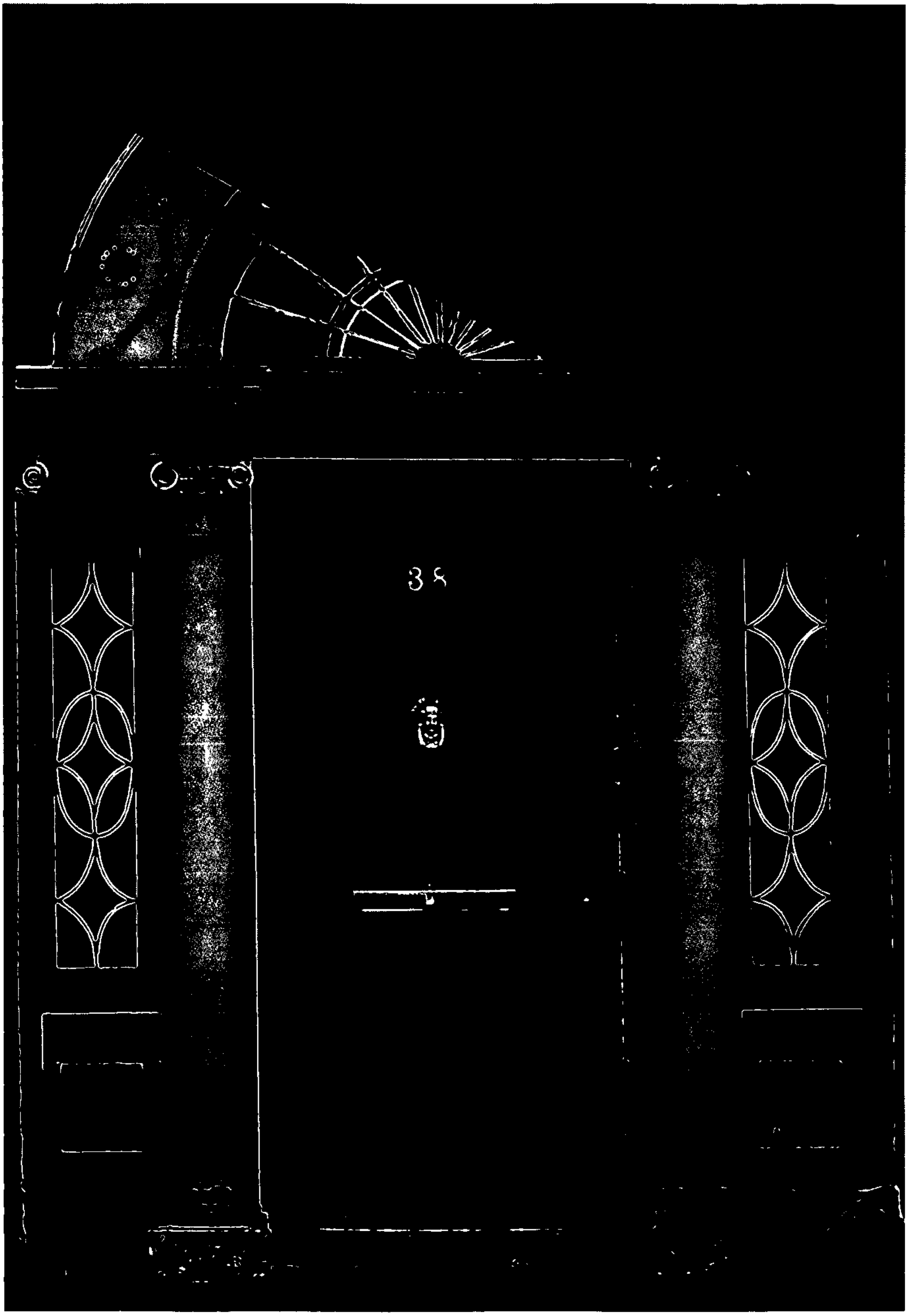
Former investment banking executive with multi-disciplinary operational expertise at RBS Barclays and HSBC

Anthony Sexton
Head of Product

Previously Head of Online Banking at Macquarie Group in Australia responsible for product development strategies across multiple financial services offerings

Matthew Tooth
Chief Commercial Officer

Held various senior management positions (including CFO Head of Business Development and Managing Director) during 15 years at IG Group, the leading online trading business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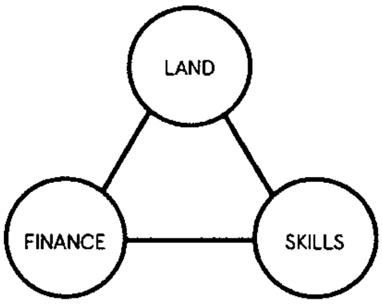
Getting Britain building

The LendInvest Property Development Academy

Too few new homes are built in the UK every year and the country is in the grip of a major housing shortage The government sets housebuilding targets that are hard to meet let alone exceed

Small-scale developers have a huge opportunity open to them, to become the engine behind a real drive that sees more houses on British streets creating more homes for the families that need them Yet developing new properties isn't easy It's not just finance that's hard to acquire Learning how to access the right skills and land too can take years to perfect

We created the LendInvest Property Development Academy to solve this problem



As a not-for-profit education centre our Academy helps aspiring property builders - at zero cost - to develop the essential knowledge they need to gain access to skills land and finance that will see their developments through to completion

We established the Academy in partnership with Henley Business School part of the University of Reading This close partnership with a renowned leader in property development education ensures the quality and relevance of the evolving course syllabus and all teaching material

We offer two opportunities to learn the tools of the trade

The Academy Course

Our two-day intensive Academy Course is free to attend and has been specially designed to cover everything that an aspiring developer should know before embarking on a construction project Anyone is welcome to apply Professional property experience isn't a requirement but applicants are expected to show a genuine interest in forging a career as an independent property developer

There's no strict classroom set-up or homework, we use real-life case studies quick-fire presentations and hands-on group exercises led by a range of property professionals with deep understanding of what it takes to make sure small-scale developments go smoothly

In a group of no more than 25 participants are taught in short sessions by solicitors planners, financial advisers lenders and developers who've done it all before Every adviser and developer invited to lead sessions is based in the attendees local area therefore creating a valuable network of contacts for the future

The Academy Knowledge Centre

We realise that not everyone can attend our Academy Course But that doesn't mean that we can't help more aspiring developers to find out what they need to know before embarking on (and during) their own construction projects

The LendInvest Property Development Academy Knowledge Centre is an online portal regularly updated with the latest background reading, tutorials and videos that we curate from around the industry As the Knowledge Centre expands over time we want it to become the first port of call for aspiring property developers to find the help they need to make the right decisions

Searching, evaluating and acquiring your site

Where can you find out about potential development opportunities? What are the key issues in evaluating sites? What does due diligence and executing the transaction involve?

Establishing development costs & structuring your team

What consultants are involved in a development project and how should they all work with one another? Are you project managing your build or will someone else run it for you? How do you insure yourself and your team against delays and accidents?

Establishing your property company

What company structure is best for you? Will you have employees and what must you do to accommodate them?

Sales & marketing

As the development nears completion who will value and market the properties and then manage the sale processes? How much are the developments worth?

Applying for and gaining the right planning permissions

Whether your site is a standard or complex case, how can you obtain the right planning permissions without incurring unnecessary costs and delays?

Getting the scheme built

What are the different types of construction contract, and which is best for your build? What are the key terms and conditions to consider with contractors and suppliers?

Financial analysis and securing finance

How much is a site worth? What are the key development costs? How long will the project take? How do you stay on track?

Governance

Officers and Professional Advisors

Directors	Christian Faes Ian Thomas Yahui Zhou (appointed 2 July 2015 resigned 5 October 2016) Martlas Ljungman (appointed 31 March 2016)
Secretary	Christian Faes
Company number	08146929
Registered Office	8 Mortimer Street London W1T 3JJ
Auditors	BDO LLP
Bankers	Barclays Bank Plc

Governance at a glance

[redacted]

- Advisory Board
- Credit Committee*
- Audit Committee
- Disclosure Committee
- Nomination Committee
- Remuneration Committee
- Risk Committee
- Executive Committee*

*In operation at Year End The remainder of the committees were in the process of being formed

Report of the directors

The directors present their Report together with the audited annual financial statements of LendInvest Limited (the "Group") for the year ended 31 March 2016 The Company was incorporated on 17 July 2012 It commenced developing a platform to facilitate financing property related loans which became operational in September 2013

The Company paid no dividends during the year to ordinary shareholders (2015 nil) The Group made no political donations during the year (2015 nil)

Post balance sheet events of the Group are noted within the Strategic Report section **Chief Financial Officer's** review We review our approach to the management of financial, credit, liquidity and other related risks within the Strategic Report section **Head of Credit's Review.**

Going Concern

On the basis of their assessment of the Group and Company's financial position and of the enquiries made of the directors of LendInvest Limited, the Groups Company's directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future

Further information supporting the going concern basis may be found in note 1 to the financial statements

Directors

The directors of the Company during the year and for the period up to the date of this report were

- Christian Faes
- Ian Thomas
- Paul Jeffery (appointed 4 February 2015 resigned 28 September 2015)
- Yahui Zhou (appointed 2 July 2015 resigned 5 october 2016)
- Mattias Ljungman (appointed 31 March 2016)

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

BDO LLP have expressed their willingness to continue as auditor

Approved by the Board of Directors

Ian Thomas
Director

Financial Statements

Directors' responsibilities statement

The directors are responsible for preparing the strategic report the directors' report 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 International Financial Reporting Standards (IFRS) as adopted by the European Union 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 Group and Company and of the profit or loss of the Group and 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

– state whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements

– prepare the Group and Company financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and Company's and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent Auditor's Report to the Members of LendInvest Limited

We have audited the financial statements of LendInvest Limited for the year ended 31 March 2016 which comprise the consolidated and company Statement of Comprehensive Income the consolidated and company Statement of Financial Position the consolidated and company Statement of Cash Flows the consolidated Statement of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union (IFRS)

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors responsibilities the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Financial Reporting Council s (FRC's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www frc org uk/auditscopeukprivate

Opinion on financial statements In our opinion the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company s affairs as at 31 March 2016 and of the group's profit for the year then ended
- have been properly prepared in accordance with IFRS and
- have been prepared in accordance with the requirements of the Companies Act 2006

Other matter

The corresponding figures for the period ended 31 March 2015 are unaudited

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us or
- the parent company 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

BDO llp

Matthew Hopkins
(Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor
London United Kingdom
12 October 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2016

	Note	Year ended 31 March 2016	Year ended 31 March 2015
		£'000	£'000
Revenue	6	18,691	7,233
Cost of sales		(6,812)	(2,574)
Gross profit		11,879	4,659
Administrative expenses		(8,485)	(1,387)
Profit from operations	8	3,394	3,272
Finance expense*	11	(932)	-
Finance income	11	12	1
Profit before tax		2,474	3,273
Tax expense	12	(479)	(470)
Profit for the year		1,995	2,803
Other comprehensive income			
There were no items that will or may be reclassified subsequently to profit or loss			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,995	2,803

*Finance expense represents dividends to preference share holders

Company Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 March 2016

	Note	Year ended 31 March 2016	Year ended 31 March 2015
		£'000	£ 000
Revenue	6	12,380	3,118
Cost of sales		(1,940)	-
Gross profit		10,440	3,118
Administrative expenses		(8,133)	(1,907)
Profit from operations	8	2,307	1,211
Finance expense*	11	(932)	-
Finance income	11	12	1
Profit before tax		1,387	1,212
Tax expense	12	(261)	(94)
Profit for the year		1,126	1,118
Other comprehensive income			
There were no items that will or may be reclassified subsequently to profit or loss			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,126	1,118

*Finance expense represents dividends to preference share holders

Consolidated Statement of financial position as at 31 March 2016

	Note	Year Ended March 2016	Year ended March 2015
		£'000	£'000
Assets			
Cash at bank and in hand	17	**17,447**	3,257
Trade and other receivables	16	**4,304**	2,148
Loans and advances	18	**93,724**	46,199
Property plant and equipment	14	**980**	15
Total assets		**116,455**	51,619
Liabilities			
Trade and other payables	19	**(9,241)**	(2,824)
Interest bearing liabilities	20	**(97,774)**	(47,691)
Deferred taxation	12	**(36)**	-
Total liabilities		**(107,051)**	(50,515)
Net Assets/(Liabilities)		**9,404**	1,104
Equity			
Employee Share Reserve	25	**27**	-
Share Capital	21	**-**	-
Share Premium	21	**6,414**	-
Retained earnings	23	**2,963**	1,104
Total Equity		**9,404**	1,104

The financial statements on pages 33 to 56 were approved and authorised for issue by the Board of Directors on 11 October 2016 and were signed on its behalf by

Ian Thomas
Director
Company Registration No 08146929

Company Statement of financial position as at 31 March 2016

	Note	Year Ended March 2016	Year ended March 2015
		£'000	£'000
Assets			
Cash at bank and in hand	17	**14,268**	1,788
Trade and other receivables	16	**2,676**	1,340
Loans and advances	18	**18,356**	-
Property, plant and equipment	14	**980**	15
Investments in subsidiaries	15	**5,010**	-
Total assets		**41,290**	3,143
Liabilities			
Trade and other payables	19	**(12,936)**	(2,150)
Interest bearing liabilities	20	**(19,758)**	-
Deferred taxation	12	**(36)**	-
Total liabilities		**(32,730)**	(2,150)
Net Assets/(Liabilities)		**8,560**	993
Equity			
Employee Share Reserve	25	**27**	-
Share Capital	21	**-**	-
Share Premium	21	**6,414**	-
Retained earnings	23	**2,119**	993
Total Equity		**8,560**	993

The financial statements on pages 33 to 56 were approved and authorised for issue by the Board of Directors on 11 October 2016 and were signed on its behalf by

Ian Thomas
Director
Company Registration No 08146929

Consolidated statement of cash flows for the year ended 31 March 2016

	Note	Year ended 31 March 2016	Year ended 31 March 2015
		£'000	£'000
Cash flows from operating activities			
Profit for the year		1,995	2,802
Adjusted for			
Depreciation of property plant and equiptment		174	8
Enterprise Management Incentive scheme		27	-
Finance (income)		(12)	(1)
Income tax expense		479	470
Distribution of profits to LLP partners		-	(1,584)
Change in working capital			
(Increase) in gross loans and advances		(47,524)	(31,324)
(Increase) in trade and other receivables		(2,156)	(3,822)
Increase in trade and other payables		6,450	2,018
Income Taxes Paid		(578)	(355)
Cash (used in)/generated from operations		(41,145)	(31,788)
Cash flow from investing activities			
(Purchase) of property, plant and equipment	14	(1,139)	(23)
Interest received		12	1
Net cash (used in) investing activities		(1,127)	(22)
Cash flow from financing activities			
Issue of shares		6,414	-
Proceeds from raising interest bearing liabilities		50,049	30,004
Net cash from financing activities		56,463	30,004
Net increase/(decrease) in cash and cash equivalents		14,190	(1,806)
Cash and cash equivalents at beginning of year	17	3,257	5,063
Cash and cash equivalents at end of year	17	17,447	3,257

Company statement of cash flows for the year ended 31 March 2016

	Note	Year ended 31 March 2016	Year ended 31 March 2015
		£'000	£'000
Cash flows from operating activities			
Profit for the year		**1,126**	1,118
Adjusted for			
Depreciation of property plant and equiptment		**174**	8
Enterprise Management Incentive scheme		**-**	-
Finance (income)		**(12)**	(1)
Income tax expense		**261**	94
Change in working capital			
(Increase) in gross loans and advances		**(18,356)**	
(Increase) in trade and other receivables		**(1,335)**	(1,288)
Increase in trade and other payables		**10,820**	1,703
Income Taxes Paid		**(164)**	-
Cash (used in)/generated from operations		**(7,486)**	1,634

Cash flow from investing activities			
(Purchase) of property, plant and equipment	14	**(1,162)**	(23)
Increase in other investments		**(5,010)**	-
Interest received		**12**	1
Net cash (used in) investing activities		**(6,172)**	(22)

Cash flow from financing activities			
Issue of shares		**6,414**	-
Proceeds from raising interest bearing liabilities		**19,724**	-
Net cash from financing activities		**26,138**	-

Net increase in cash and cash equivalents		**12,480**	1,612
Cash and cash equivalents at beginning of year	17	**1,788**	176
Cash and cash equivalents at end of year	17	**14,268**	1,788

Consolidated statement of changes in equity for the year ended 31 March 2016

	Ordinary Share capital	Preference share capital	Ordinary Share Premium	Preference share premium	Share based payment reserve	Retained earnings	Total
	£ 000	£ 000	£'000	£ 000	£ 000	£ 000	£ 000
Balance at 31 March 2014						(114)	**(114)**
Profit for the year	-	-	-	-	-	2,803	2,803
Dividends Paid	-	-	-	-	-	(1,224)	(1,224)
Share of limited liability partnership profits*	-	-	-	-	-	(361)	(361)
Balance at 31 March 2015	-	-	-	-	-	**1,104**	**1,104**
Profit for the year	-	-	-	-	-	1 995	1,995
Share of limited liability partnership profits*	-	-	-	-	-	(136)	(136)
Recognition of Enterprise Management Incentive Scheme	-	-	-	-	27	-	27
Issue of shares	-	-	-	6,414	-	-	6,414
Balance at 31 March 2016	-	-	-	**6,414**	**27**	**2,963**	**9,404**
Notes	21	21	21	21	25	23	

*The share of limited liability partnership profits relate to discretionary distributions made to limited liability partners

The notes on pages 39 to 56 form part of these financial statements.

Notes forming part of the financial statements for the year ended 31 March 2016

1. Basis of preparation and significant accounting policies

General information

LendInvest Limited is a private Company incorporated on 17 July 2012 in the United Kingdom under the Companies Act The address of its registered office is given on page 27

These consolidated financial statements have been approved for issue by the Board of Directors on 12 October 2016

Going concern

The Group's business activities together with the factors likely to affect its future development and position are set out in the Chief Executive Officer s review Chief Investment Officer's review and Chief Financial Officer's review sections of the Strategic Report on pages 9 to 17 It is on this basis that the directors have continued to prepare the accounts on the going concern basis

Basis of preparation

The Group maintains its books and records in pound sterling ("£") The Group presents its annual accounts in conformity with United Kingdom laws and regulations

These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union

The financial statements have been prepared on the historical cost basis 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 Group's accounting policies. 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 1

The Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position as at 1 August 2013 throughout all periods presented

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of estimates It also requires management to exercise judgement in applying the accounting policies The judgements and assumptions that are considered to be the most important to the portrayal of the Group's financial condition are those relating to loan impairment provisions conduct risk legal provisions deferred tax and revenue and interest recognition

Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss The financial statements are presented in pounds sterling, which is the Group s functional currency

Investments in subsidiaries

Investments held as fixed assets are stated at cost less any provision for impairment Where the recoverable amount of the investment is less than the carrying amount impairment is recognised

Basis of consolidation

Subsidiary companies and other controlled entities

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company

Where the Company has control over an investee, it is classified as a subsidiary The Company controls an investee if all three of the following elements are present power over the investee exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control

Intra-Group transactions balances and unrealised gains or losses are eliminated on consolidation

Business combinations

The consolidation that occurred in July 2015 is of a combination of entities under common control Business combinations under common control are excluded from the scope of IFRS 3 and accordingly merger accounting was applied to the consolidation Subsidiaries were consolidated from inception of the respective subsidiaries and the acquisition method of consolidation was not applied

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory

Revenue recognition

Revenue represents income from lenders and borrowers and for the provision of finance

Revenues recognised on loans held by related and third parties are recognised as follows

- Arrangement fees earned from borrowers are amortised over the life of the loan or recognised immediately upon sale of the loan
- Service revenue representing introduction and other broker fees is recognised evenly over the life of the loan or recognised immediately upon sale of the loan

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities

Interest income on loans recognised is accounted for under IAS 39 on an EIR basis inclusive of directly attributable incremental transaction costs and fees including arrangement and broker fees, valuation and solicitor costs discounts and premiums where appropriate

The EIR basis spreads the interest income over the expected life of each instrument The EIR is the rate that at the inception of the instrument exactly discounts expected future cash payments and receipts through the expected life of the instrument back to the initial carrying amount

When calculating the EIR the Group estimates cash flows considering all contractual terms of the instrument (for example prepayment options) but does not consider assets future credit losses except for assets acquired at a deep discount

All revenue recorded in the financial statements is generated in the UK and sourced from transactions relating to property loans Fees on these transactions are calculated based on the above revenue recognition policy

The Group considers its provisioning policy in accordance with IAS 39 – Financial instruments Recognition and Measurement on a specific and collective basis based on the incurred loss history of the Group or the transferred/acquired portfolio

Property, plant and equipment

Items of property plant and equipment are initially recognised at cost As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items The corresponding liability is recognised within provisions

Depreciation is provided on all other items of property plant and equipment so as to write off their carrying value over their expected useful economic life It is provided at the following rates

Computer equipment	33%-50% per annum straight line
Fixtures and fittings	20%-50% per annum straight line
Leasehold improvements	lesser of lease period or useful life
Computer and telephony software	20%-50% per annum straight line

Interest Receivable

Interest receivable on bank deposits is recognised on an accrual basis within "Finance Income" in the statement of comprehensive income

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)

Operating leases

Rentals payable under operating leases are charged to income on a straight- line basis over the term of the relevant lease Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

Financial instruments

Financial assets

Financial assets are categorised under IAS 39 as financial assets at fair value through profit or loss loans and receivables financial assets and available-for sale financial assets as appropriate The Group determines the classification of its financial assets at initial recognition

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Group transfers substantially all risks and rewards of ownership

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables They are recognised at fair value and subsequently measured at amortised cost less provision for impairment

A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the contract

Impaired debts are derecognised when they are assessed as uncollectible If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income

Cash and cash equivalents are also classified as financial assets Cash and cash equivalents includes cash in hand deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less The carrying amount of these assets approximates their fair value

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired If there is objective evidence (such as significant financial difficulty of the obligor breach of contract, or it becomes probable that the debtor will enter bankruptcy) the asset is tested for impairment The amount of the loss is measured as the difference between the asset s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset s original effective interest rate (that is the effective interest rate computed at initial recognition)

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 and interest bearing liabilities 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

The Group's financial assets and financial liabilities are disclosed in note 26

Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount and contingent liabilities and contingent assets are dependent on one or more uncertain future events Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation The amount recognised as provisions is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non- current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease") the asset is treated as if it had been purchased outright The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease The corresponding lease commitment is shown as a liability Lease payments are analysed between capital and interest The interest element is charged to the statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability The capital element reduces the balance owed to the lessor Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the statement of comprehensive income on a straight-line basis over the lease term The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis

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

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 and loss Deferred tax is determined using tax rates and laws that have been enacted or substantially 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 Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Dividends

Dividends are recognised when they become legally payable In the case of interim dividends to ordinary share shareholders this is when declared by the directors In the case of final dividends to ordinary share shareholders, this is when declared by directors and approved by the shareholders at the AGM In the case of preference shares dividends are accrued over the period to which they relate

2. Changes in accounting policies and disclosures

New standards and amendments

There have been no new standards having a material impact on the financial statements for the year

The following standards and amendments to existing standards have been published but in some case not yet adopted by the EU They are mandatory from the financial period beginning on or after the effective dates shown below but are not currently relevant to the Group (although they may affect the accounting for future transactions and events)

Standard/ Interpretation	Content	Applicable for financial years beginning on/ after
IFRS 9	Financial instruments - classification and measurement	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IAS 16 and IAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation	1 July 2014
Annual improvements to IFRSs - (2012 - 2014 cycle)	Changes to various standards	1 January 2016

The Group adopted the following applicable accounting standards and interpretations that became applicable during the current reporting period

IAS 19 – Employee benefits

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service In addition it permits a practical expedient if the amount of the contributions is independent of the number of years of service in that contributions can but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered

The amendment is effective for the financial year ending 31 March 2016 The amendment does not have a material impact on the Group's financial statements

IAS 32 – Financial instruments

This amendment clarifies certain aspects because of diversity in application of the requirements of offsetting

The amendment is effective for the financial year ending 31 March 2016 The amendment does not have a material impact on the Group's financial statements

The Group assessment of the impact of these new standards and interpretations is set out below

IFRS 9 – Financial instruments

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB s replacement of IAS 39 Financial Instruments Recognition and Measurement The standard includes requirements for recognition and measurement impairment de-recognition and general hedge accounting

The key changes relate to

- Financial assets Financial assets will be held at either fair value or amortised cost, except for equity investments not held for trading and certain debt instruments, which may be held at fair value through other comprehensive income,
- Financial liabilities Gains and losses arising from changes in own credit on non-derivative financial liabilities designated at fair value through profit or loss will be excluded from the income statement and instead taken to other comprehensive income
- Impairment Credit losses expected at the balance sheet data (rather than only losses incurred in the year) on loans debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances and
- Hedge accounting Hedge accounting will be more closely aligned with financial risk management

Adoption is not mandatory until periods beginning on or after 1 January

2018 The standard has not been endorsed by the EU At this stage it is not possible to determine the full potential financial impact but it is expected that IFRS 9's impact on the Group will be in line with the industry and considerably less significant compared to traditional lending institutions

IFRS 15 – Revenue from contracts with customers

FRS 15 Revenue will replace IAS 18 Revenue and IAS 11 Construction Contracts It applies to all contracts with customers except leases financial instruments and insurance contracts

IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount timing and uncertainty of revenue and cash flows arising from a contract with a customer

Adoption of the standard is not expected to have a significant impact on the Group

Amendment to IAS 16 (Property, plant and equipment) and IAS 38 (Intangible assets: on depreciation and amortisation (2014))

In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset

Currently the Group uses the straight-line method for depreciation for fixed assets The directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly the directors do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's financial statements

3. Financial instruments

Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises are loans and advances trade and other receivables, cash and cash equivalents loans and borrowings and trade and other payables

Categorisation of financial assets and financial liabilities

All financial assets of the Group are carried at amortised cost as at 31 March 2016 and 31 March 2015 due to the nature of the asset All financial liabilities of the Group are carried at amortised cost as at 31 March 2016 and 31 March 2015 due to the nature of the liability

Financial instruments not measured at fair value

Financial instruments measured at amortised cost rather than fair value include cash and cash equivalents trade and other receivables, mortgage loans, trade and other payables and loans and borrowings Due to their short-term nature the carrying value of cash and cash equivalents, trade and other receivables loans and advances trade and other payables and interest bearing liabilities approximates their fair value

4. Financial risk management

General objectives, policies and processes

The board of directors have overall responsibility for the establishment and oversight of the Group's risk management framework The risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and controls and to monitor risks and ensure any limits are adhered to The Group's activities are reviewed regularly and potential risks are considered

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

Risk factors

The Group has exposure to the following risks from its use of financial instruments credit risk liquidity risk market risk (including collateral quality risk interest rate risk and other price risk)

Further details regarding these policies are set out below

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group s receivables from customers and cash and cash equivalents held at banks

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

	31 March 2016	31 March 2015
	£ 000	£ 000
Assets		
Loans and advances	93,724	46,199
Trade and other receivables	2,422	2 082
Cash and cash equivalents	17,447	3 257
	113,593	51,538

Other receivables principally comprise of prepayments and amounts due from related companies The recoverability of these amounts is reviewed on an ongoing basis

The fair value of cash and cash equivalents at 31 March 2016 and 31 March 2015 approximates the carrying value Further details regarding cash and cash equivalents can be found in note 17 The company manages its exposure to credit losses by assessing borrower's affordability of repayment of loans and advances borrowers risk profile and stability during our underwriting process Impairments are monitored and provided for using various techniques The credit policy is designed to ensure that the credit process is efficient for the applicant while providing the Company with the necessary details to make an informed credit decision Credit risk relating to cash and cash equivalents is mitigated as cash and cash equivalents are held with reputable institutions

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due The Group 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 Group's position

The Group's liquidity position is monitored and reviewed on an ongoing basis by the directors and the executive committee

The amounts disclosed in the below tables are the contractual undiscounted cash flows

The maturity analysis of financial assets and liabilities at 31 March 2016 and 31 March 2015 is as follows

	31 March 2016	31 March 2015
	£ 000	£ 000
Financial assets - due within one year		
Loans and advances	78,119	46 199
Trade and other receivables	2,422	2,082
Cash and cash equivalents*	13,253	1 731
Financial assets - due post one year		
Loans and receivables	15,605	-
	109,399	50 012
Financial liabilities - due within one year		
Trade and other payables	9,205	2 824
Interest bearing liabilities	80,740	47 691
Financial liabilities - due post one year		
Interest bearing liabilities	17,000	
	106,945	50 515

*Does not include trustee account balances See note 17

Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices

a) Loan price and interest rate risk

The Group is exposed to market risk with respect to financial instruments when either retained by the Group, or for the period between originating the instrument and selling it to investors Due to the speed with which the Group sells originated loans to investors there is not significant exposure from such activities All interest rates on loans are fixed and matched with fixed borrowings from investors or banks The Group does not use interest rate swaps

b) Collateral price risk

The risk of movements in the price of the underlying collateral secured by the Group against loans to borrowers is actively managed by the Group Security over the property is registered with the Land Registry and only properties within England, Scotland and Wales are suitable for security Loans are capped at 75% of the open market value of the property against which security is held and minimum loan period interest is retained on completion As a result, we have limited exposure to collateral price risk

c) Sensitivity analysis

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date As discussed above, the Group does not have significant exposure to credit liquidity or market risk and therefore no sensitivity analysis for those risks has been disclosed

Capital management

The Group considers its capital to comprise of its equity share capital plus its share premium plus its accumulated retained profits plus its share based payment reserve plus its capital contribution reserve

The Group's objectives when maintaining capital are

— to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and

— to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

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

5. Segmental analysis

The Group's operations are carried out solely in the UK and consists of one business line (short term lending) The results and net assets of the Group are derived from the provision of property related loans only

6. Revenue

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Interest on Loans and advances	11,009	4,161
Service fees	6,333	2 672
Advisory fees	1,349	400
	18,691	7 233

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Interest on Loans and advances	3,425	-
Service fees	8,955	3 118
Advisory fees		-
	12,380	3,118

7. Other operating income

The Group does not have sources of income not considered to be outside the main revenue generating activities and therefore has no other operating income

8. Profit from operations

Profit for the year has been stated after charging

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Employee benefit expenses	3,579	575
Depreciation (note 14)	174	8
Fees payable to the auditors for the audit of the financial statements	56	68
Auditor s remuneration for tax advisory services	53	53
Share-based payments (note 25)	27	-

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£ 000	£ 000
Employee benefit expenses	3,579	575
Depreciation (note 14)	174	8
Fees payable to the auditors for the audit of the financial statements	35	34
Auditor s remuneration for tax advisory services	8	6
Share-based payments (note 25)	27	-

Other administrative expenses are incurred in the ordinary course of the business and do not include any non-recurring items

9. Employee benefit expenses

Employee benefit expenses (including directors) comprises

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Wages and salaries	3,579	575
Social security contributions and similar taxes	441	65
	4,020	640

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£ 000	£ 000
Wages and salaries	3,579	575
Social security contributions and similar taxes	441	65
	4,020	640

10. Employees

Number of employees

The average monthly number of employees during the year/period were

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	Number	Number
IT	15	5
Operations and administration	18	4
Sales and marketing	24	4
	57	13

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	Number	Number
IT	15	5
Operations and administration	18	4
Sales and marketing	24	4
	57	13

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the Group including the directors of the company listed on page 21

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£ 000	£ 000
Salary	234	15
Other long term benefits	-	-
Defined benefit scheme costs	-	-
Share based payment expense	-	-
	234	15

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Salary	234	15
Other long term benefits	-	-
Defined benefit scheme costs	-	-
Share based payment expense	-	-
	234	15

One director of the Company was employed by the Company from February to September 2015 In July 2015 two directors became employed by the Company The other directors of the Company received no remuneration for their services to the Company

11. Finance Income and expense

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£ 000	£ 000
Interest on bank deposits	12	1
	12	1
Preference share dividends	(932)	-
	(932)	-

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£ 000	£ 000
Interest on bank deposits	12	1
	12	1
Preference share dividends	(932)	-
	(932)	-

12. Taxation on profit on ordinary activities

The Company is subject to all taxes applicable to a commercial company in the United Kingdom The UK business profits of the Group are subject to UK income tax at the prevailing basic rate of 20% (2015 21%)

The tax charge/(credit) for the year is as follows

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£ 000	£ 000
Income tax		
Current tax charge	443	470
Deferred tax charge	36	-
Total tax charge for the year	479	470

Factors affecting the tax charge/(credit) for the year

Profit/(loss) on operating activities at 20% (2015 21%)	495	654
Effects of		
– Non-deductible expenses	240	7
– Research and development tax credit	(179)	(138)
– Capital allowances	(77)	(27)
– Adjustment in respect of prior year		(26)
	479	470

The tax charge/(credit) for the year is as follows

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Income tax		
Current tax charge	225	94
Deferred tax charge	36	-
Total tax charge for the year	261	94

Factors affecting the tax charge/(credit) for the year

Profit/(loss) on operating activities at 20% (2015. 21%)	277	255
Effects of		
– Non-deductible expenses	240	8
– Research and development tax credit	(180)	(138)
– Capital allowances	(76)	(5)
– Adjustment in respect of prior year		(26)
	261	94

Deferred taxation

Deferred tax is presented on the statement of financial position as follows

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Deferred tax assets	-	-
Deferred tax liabilities	(36)	-
Net deferred tax assets liability	**(36)**	-

The movements during the year are analysed as follows

Net deferred tax assets (liabilities) at the beginning of the year	-	-
Charge to profit or loss for the year (note 12)	(36)	-
Charge to other comprehensive income	-	-
Net deferred tax assets liability at the end of the year	**(36)**	-

Deferred tax is presented on the statement of financial position as follows

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Deferred tax assets	-	-
Deferred tax liabilities	(36)	-
Net deferred tax assets liability	**(36)**	-

The movements during the year are analysed as follows

Net deferred tax assets (liabilities) at the beginning of the year	-	-
Charge to profit or loss for the year (note 12)	(36)	-
Charge to other comprehensive income	-	-
Net deferred tax assets liability at the end of the year	**(36)**	-

The Group	Opening Balance	Credit (Charge) to income - CY	Charged to equity	Credit (Charge) to income - PY	Closing Balance
Category of deferred tax	£ 000	£ 000	£ 000	£ 000	£ 000
2016					
Property, plant and equipment	-	(41)	-	-	(41)
EMI share option scheme	-	5	-	-	5
	-	(36)	-	-	(36)
2015					
Property, plant and equipment	-	-	-	-	-
EMI share option scheme	-	-	-	-	-
	-	-	-	-	-

The Company	Opening Balance	Credit (Charge) to income - CY	Charged to equity	Credit (Charge) to income - PY	Closing Balance
Category of deferred tax	£ 000	£'000	£'000	£ 000	£ 000
2016					
Property, plant and equipment	-	(41)	-	-	(41)
EMI share option scheme	-	5	-	-	5
	-	(36)	-	-	(36)
2015					
Property plant and equipment	-	-	-	-	-
EMI share option scheme	-	-	-	-	-
	-	-	-	-	-

At 31 March 2016, the Group & Company had unrecognised deferred taxation assets of nil

13. Dividends

The Company paid no dividends during the year (2015 Nil) The Company accrued preference share dividends of £898 000 during the year (2015 Nil)

14. Property, plant and equipment

The Group	Computer equipment	Furniture and fittings	Leasehold improvements	Intangible assets	Total
Cost	£ 000	£ 000	£ 000	£'000	£'000
Balance as at 31 March 2014	-	-	-	-	-
Additions	23	-	-	-	23
Disposals	-	-	-	-	-
Balance as at 31 March 2015	23	-	-	-	23
Additions	127	321	637	53	1,139
Disposals	-	-	-	-	-
Balance as at 31 March 2016	150	321	637	53	1,162
Accumulated depreciation					
Balance as at 31 March 2014	-	-	-	-	-
Charge for the year	(8)	-	-	-	(8)
Disposals	-	-	-	-	-
Balance as at 31 March 2015	(8)	-	-	-	(8)
Charge for the year	(42)	(105)	(21)	(7)	(174)
Disposals	-				-
Balance as at 31 March 2016	(50)	(105)	(21)	(7)	(182)
Net carrying value at 31 March 2016	**100**	**217**	**617**	**46**	**980**
Net carrying value at 31 March 2015	15	-	-	-	15

The Company	Computer equipment	Furniture and fittings	Leasehold improvements	Intangible assets	Total
Cost	£ 000	£ 000	£ 000	£ 000	£ 000
Balance as at 31 March 2014	-	-	-	-	-
Additions	23	-	-	-	23
Disposals					
Balance as at 31 March 2015	23	-	-	-	23
Additions	127	321	637	53	1 139
Disposals	-	-	-	-	-
Balance as at 31 March 2016	150	321	637	53	1,162
Accumulated depreciation					
Balance as at 31 March 2014	-	-	-	-	-
Charge for the year	(8)	-	-	-	(8)
Disposals	-	-	-	-	-
Balance as at 31 March 2015	(8)	-	-	-	(8)
Charge for the year	(42)	(105)	(21)	(7)	(174)
Disposals	-				-
Balance as at 31 March 2016	(50)	(105)	(21)	(7)	(182)
Net carrying value at 31 March 2016	**100**	**217**	**617**	**46**	**980**
Net carrying value at 31 March 2015	15	-	-	-	15

The Group & Company held no assets under finance leases as at 31 March 2015 and 31 March 2016

Operating lease commitments

Future minimum payments under non-cancellable operating leases

	Year Ended March 2016
Premises	**£'000**
Due within a year	**320**
Due between 1 - 5 years	**5,126**
Due later than 5	**5,778**
	11,224

The Company and Group have no significant contingent liabilities at year end

15. Investments in subsidiaries

The Company	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Ordinary Shares	**5,010**	-
	5,010	-

The Company owned 100% of the ordinary share capital the following subsidiaries as at 31 March 2016

Entity Name	Principal Activities	Merger date
Lendinvest Loans Limited	Dormant	-
Lendinvest Capital Management Limited	Intermediary Holding Company	2 July 2015
Lendinvest Capital Advisors Limited	Advisor to Lendinvest Capital Real Estate Opportunity Fund	2 July 2015
Lendinvest Finance No 2 Limited	Provides secured lending to third party lenders	2 July 2015
Lendinvest Finance No 4 Limited	Provides secured lending to third party lenders	-
Lendinvest Funds Management Limited	Fund Management Company	2 July 2015
Lendinvest Private Finance General Partners Limited	General Partner to Lendinvest Income LP	2 July 2015
Lendinvest Finance No 1 Limited	Provides secured lending to third party lenders	2 July 2015
Lendinvest Finance No 3 Hold Co Limited	Intermediate Holding Company	-
Lendinvest Finance No 3 Limited	Provides secured lending to third party lenders	-
Lendinvest Security Trustees Limited	Dormant	-

Post year end the company incorporated Lendinvest Finance No 5 Ltd and LendInvest Secured Income PLC

16. Trade and other receivables

The Group	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Trade receivables	**1,128**	**1,840**
Other receivables		
– Prepayments and accrued income	**1,882**	66
– Other receivables	**1,294**	242
	4,304	**2,148**

The Company	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Trade receivables	530	803
Other receivables		
– Prepayments and accrued income	1,615	67
– Other receivables	531	470
	2,676	1,340

The carrying value of trade and other receivables approximates fair value, and represents the maximum exposure to credit losses The Company and Group has no non-current trade and other receivables

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above During the current year (and prior period) the Company had no trade receivables that are past due but not impaired

17. Cash at bank in hand

The Group	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Cash and cash equivalents	13,253	1,732
Trustees account	4,194	1,525
	17,447	3,257

The Company	Year Ended March 2016	Year ended March 2015
	£'000	£'000
Cash and cash equivalents	10,074	263
Trustees account	4,194	1,525
	14,268	1,788

Operationally the Company does not treat Trustee balances as available funds An equal and opposite liability is included within trade payables (see note 19)

18. Loans and advances

The Group	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Gross loans and advances	93,724	46,199
Impairment provision	-	-
	93,724	46,199

The Company	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Gross loans and advances	18,356	-
Impairment provision	-	-
	18,356	-

Maturity analysis of loans and advances

The Group	Year Ended March 2016	Year ended March 2015
	£'000	£'000
Amounts up to one year	87,362	46,199
Amounts between one and five years	6,362	-
Amounts in excess of five years	-	-
Gross loans and advances	93,724	46,199
	93,724	46,199

The Company	Year Ended March 2016	Year ended March 2015
	£'000	£'000
Amounts up to one year	17,138	-
Amounts between one and five years	1,218	-
Amounts in excess of five years	-	-
Gross loans and advances	18,356	-
	18,356	-

Related credit risk exposure and enhancements

The Group	Year Ended March 2016	Year ended March 2015
	£'000	£'000
Maximum exposure to credit losses of loans and advances	93,724	46,199
Credit risk exposure is mitigated through properties held as collateral The aggregate achievable resale value less costs to sell of collateral held is	200,518	98,857
Related specifically to		
Impaired financial assets	-	-
Financial assets past due but not specifically impaired	16,167	7,392
Financial assets neither past due nor impaired	77,557	38,807

The Company	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Maximum exposure to credit losses of loans and advances	**18,356**	-
		-
Credit risk exposure is mitigated through properties held as collateral The aggregate achievable resale value less costs to sell of collateral held is	**38,397**	-
Related specifically to		
Financial assets past due but not specifically impaired	**3,121**	-
Financial assets neither past due nor impaired	**15,235**	-

19. Trade and other payables

The Group	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Trade payables	**7,120**	2,227
Other payables		
– Taxes and social security costs	**448**	-
– Accruals and deferred income	**1,673**	597
	9,241	2,824

The Company	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Trade payables	**10,135**	1,776
Other payables		
– Taxes and social security costs	**39**	-
– Accruals and deferred income	**2,572**	374
	12,746	2,150

Trade payables includes amounts owed to investors in respect of cash deposited with the Company which may be withdrawn by investors at any time

The Company has no non-current trade and other payables

The carrying value of trade and other payables approximates fair value

20. Interest bearing liabilities

The Group	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£ 000
Preference shares	**19,758**	-
Funds from investors and partners	**78,016**	47,691
	97,774	47,691

For an analysis of contractual maturity and liquidity risk, refer to note 18

The Group is not in breach or default of any provisions of the terms or conditions of the agreement governing borrowings

The Group's interest on funding has ranged between 5% to 9% in the current financial year

21. Share capital

	2016 number	2015 number
Issued and fully paid up		
Ordinary Shares of £1 00 each	-	200
Ordinary Shares of £0 000001 each	20,973,850	-
"A" Ordinary shares of £0 000001 each	283,287	-
Series A Preferred shares of £0 000001 each	5,998,739	-
Series B1 Preferred shares of £0 000001 each	1,615,881	-
Series B2 Preferred shares of £0 000001 each	2,308,402	-
Total	**31,180,159**	**200**

	2016 £	2015 £
Issued and fully paid up		
Ordinary Shares of £1 00 each	-	200
Ordinary Shares of £0 000001 each	21	-
"A" Ordinary shares of £0 000001 each	0	-
Series A Preferred shares of £0 000001 each	6	-
Series B1 Preferred shares of £0 000001 each	2	-
Series B2 Preferred shares of £0 000001 each	2	-
Total	**31**	**200**

On 27 April 2015 the Company subdivided 200 Ordinary shares of £1 00 each into 21 000,000 shares with an aggregate nominal value of £200 (£0 0000095238 per share)

On 2 July 2015 the Company issued an additional 9 969,942 shares being 2 549 574 Ordinary shares, 821,749 A Ordinary shares and 6,598,619 Series A Preference shares In addition on 2 July 2015 the Company issued 528,300 of options to employees under an EMI share option scheme

On 31 March 2016 the Company

- repurchased and cancelled 538 462 'A' Ordinary shares
- repurchased and cancelled 599 880 Series A Preferred shares of £0 0000095328 each
- cancelled 267,322 Ordinary shares
- issued an additional 1 615,881 Series B1 Preference shares
- converted 2 308 402 Ordinary Shares into 2,308,402 Series B2 Preference shares
- converted all share classes from £0 0000095238 nominal value to £0 000001 nominal value by issuing buying back and cancelling bonus shares in each share class

During the year and to the date of these accounts, the Company cancelled Ordinary share options issued to employees totalling 158,825 as detailed in note 25

22. Reserves

Reserves comprise of retained earnings and share based payments reserve only as detailed in note 23 Retained earning representing all net gains and losses of the Group

23. Retained Earnings

	The Group	The Company
	£ 000	£ 000
Balance as at 31 March 2014	(114)	(125)
Profit for the period	2,803	1 118
Profit distributions made	(1,224)	-
Share of limited liability partnership profits	(361)	-
Balance as at 31 March 2015	1,104	993
Profit for the period	1,995	1 126
Share of limited liability partnership profits	(136)	-
Balance as at 31 March 2016	2 963	2,119

24. Notes to the cash flow statement

	Year ended 31 March 2016	Year ended 31 March 2015
Cash and cash equivalents for purposes of the statement of cash flows comprises	£ 000	£ 000
Cash at bank available on demand	**17,447**	3,257
Total cash and cash equivalents	**17,447**	3,257

Included within cash are Trustee balances that are held as client money for investors There were no material non-cash transactions during the year

25. Share-based payments

During the year the Company issued share options to employees under an Enterprise Management Incentives share option scheme The Company issued both Ordinay and A Ordinary Share options The A Ordinary shares were immediately excercised at nominal value The grant of share options will be made on an annual or on an ad hoc basis The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group

Option pricing model used	Maintainable earnings valutaion model
Valuation of Ordinary Share Options at Grant Date	£0 30 per share actual market value
Amortisation Period	3 years
Strike Price	£1 35
Expiry Date	31 Dec 2019
Grant Date	June 2015

The movement in options is as follows	
Granted during the year	1 350,049
Options exercised during the year	(821,749)
Cancelled during the year	(120,475)
Balance at end of year	407 825

All A Ordinary share options were excercised during the year with the balance outstanding at year end relating to Ordinary Share Options only

Share options expense recognised

	Year ended 31 March 2016	Year ended 31 March 2015
	£'000	£'000
The expense is included in administrative expenses, as part of employee expenses	27	-

26. Financial assets and financial liabilities

The Group	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Financial assets		
Cash and cash equivalents	17,447	3,257
Trade and other receivables	2,422	2 082
Loans and advances	93,724	46,199
Total financial assets	**113,593**	**51,538**

Financial Liabilities		
Trade and other payables	9,241	2,824
Interest bearing liabilities	97,774	47 691
Total financial liabilities	**107,015**	**50,515**

Consideration of the fair value of financial instruments is documented in note 3

The Company	Year Ended March 2016	Year ended March 2015
	£'000	£ 000
Financial assets		
Cash and cash equivalents	14 268	1 788
Trade and other receivables	1,061	1 340
Loans and advances	18,356	-
Investments at cost	5 010	-
Total financial assets	**38,695**	**3,128**

Financial Liabilities		
Trade and other payables	12,935	2,150
Interest bearing liabilities	19,758	-
Total financial liabilities	**32,693**	**2,150**

Managements consideration of the fair value of financial instruments is documented in note 3

27. Related party transactions

A listing of the Group's subsidiaries and directors can be found in the Directors Report The directors emoluments are included in Note 10
During the year the Company entered into the following transactions with related parties who are not members of the group

	Fees 2016	Fees 2015	Amounts owed by related party 2016	Amounts owed by related party 2015	Amounts owed to related party 2016	Amounts owed to related party 2015
Lendinvest Income LP	2 199	1,430	1,260	-	8 267	482
Montello Capital LLP	-	-	15	120	-	-

28. Controlling party

In the opinion of the directors the Company does not have a single controlling party

29. Events after reporting date

In June 2016 the UK voted to leave the European Union As a Group, LendInvest is well capitalised, profitable and has a diverse funding base While this is likely to be a major market-moving event, we anticipate that it will provide long-term opportunities given the fundamentals of the UK property and mortgage markets which is that there is a housing deficit the need for additional funding and property will always be an attractive asset class
The FCA have announced a review of the P2P market and called for consultation responses by September 2016 As of the current date, no major UK P2P platforms have received full permission We received interim permission last year and expect to receive full permission during the current financial year
In June 2016 the Company's servicer rating from ARC Ratings was reconfirmed as SQ1, the top rating possible
In April 2016 LendInvest agreed a £40 million funding line from Macquarie Bank to assist its growth in the short to medium term mortgage market
The Company has set up an advisory board to assist the directors and executive management Stephan Wilcke was appointed the first member in June 2016 advising on its corporate strategy to extend into the broader mortgage market while maintaining the highest operating standards
The Company agreed to repay its Series A redeemable preference shares during the 2016/17 financial year