

KUFLINK LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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KUFLINK LTD

COMPANY INFORMATION

Directors	Narinderjit Khattoare Rawinder Singh Binning Hariharan Ramamurthy
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Registered number	08460508
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Registered office	Level 1, Devonshire House One Mayfair Place London W1J 8AJ
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Independent auditors	MHA 6th Floor 2 London Wall Place London EC2Y 5A
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Bankers	Natwest Bank Plc
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KUFLINK LTD

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

Kuflink Limited is pleased to present its strategic report for the year ended 30th June 2023.

Strategic Overview

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

Values and Mission Statement

We are the alternative. Kuflink Limited aims to achieve this by providing transparency through open communication, being an open ear to every voice, believing in one team, one goal and embracing flexibility and driving change.

Core values

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

Principal Activity

The principal activity of Kuflink Limited is that of operating an electronic peer-to-peer (P2P) platform as an FCA authorised and regulated firm.

Business Model

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

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

Kuflink Limited receives revenue from Kuflink Bridging Limited as compensation for costs incurred by it in relation to on-going development and operation of the P2P platform. In the medium term, Kuflink Bridging Limited will pay Kuflink Limited's fee. No additional funding has been required from Kuflink Group Plc during the financial year to 30th June 2023 (2022: Nil), the Directors do not anticipate additional capital funding to be required going forward.

KUFLINK LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Key Events

- Kuflink achieves & maintains Trustpilot Excellent score of 4.5. (August 2023).
- Kuflink continues to maintain a maximum 5-star Rating at Defaqto. (August 2023).
- Kuflink continues to maintain an Exceptional 3/3 4thWay PLUS Rating. (August 2023).
- Kuflink achieves ISO27001 (UKAS) Certification until March 2025 (March 2022).
- Kuflink wins 'Best Service from an Alternative Funding Provider at the Business Moneyfacts Awards. (April 2023).
- Kuflink wins 'Investors Choice Award' at Peer2Peer Finance News Awards (December 2022).
- Narinderjit Khattoare wins 'CEO of the Year' at Peer2Peer Finance News Awards (December 2022).
- Kuflink has become a Certified B Corporation (Environment, Social and Governance requirements) scoring well above the minimum requirement of 80 (unverified by B Lab standards Team as we are still waiting for the BCorp audit to be concluded). (On 20th April 2023).

Financial Performance and KPI's

	2023	2022	% Change
	£	£	
Platform Fees	2,682,849	2,458,120	9%
Other Income	44,006	18,513	138%
Total Income	2,726,855	2,476,633	10%
Investor Promotion	-414,459	-321,749	29%
Cashback	-112,296	-478,882	-77%
Gross Profit	2,200,100	1,676,002	31%
Administration Expenses	-1,607,305	-1,181,729	36%
EBITDA	592,795	494,273	20%
Amortisation and Depreciation	-357,008	-368,974	-3%
Operating Profit	235,787	125,299	89%
 EBITDA	 592,795	 494,273	 20%

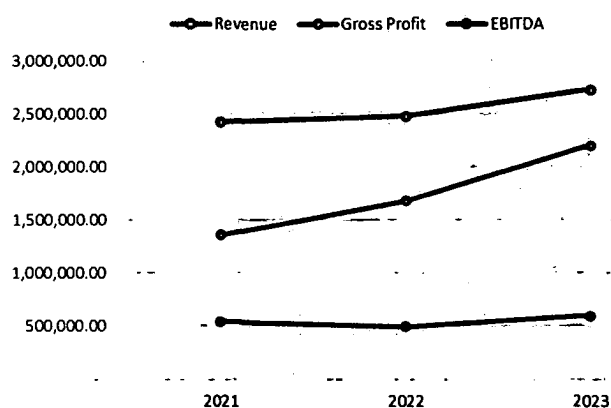
The Kuflink Platform recorded a value of £59 million deals (2022: £71m) go live in the year to 30 June 2023 and the number of active users has reached 8,224 in June 2023 (2022: 7,651).

Retained profits are reinvested in the business with no dividends paid or proposed.

KUFLINK LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

Financial Performance and KPIs



Consistent and steady growth in revenue, gross profit and EBITDA with continued investment in infrastructure to support growth in operations

Our people

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

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

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

Our third-party service providers

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

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Our technology

- Through relentless striving in technological enhancements and efficiencies, brokers, borrowers and lenders benefited as evidenced in our Consumer Surveys and 3rd party platforms.
- Our proprietary systems are scalable and have the benefit of using machine learning to enhance user experience and analytics and have real-time reports to management through data-feeds.
- A new requirement to strengthen operational resilience in the Payment Services sector (Open Banking - Kuflink One Ltd); continues to be undertaken across the whole Kuflink Group.
- By listening to its customers and taking a pro-active approach to user feedback, Kuflink has been able to retain an extremely high customer satisfaction level, while continuing to innovate the platform with new products and services for investor requirements.

Our operations

- Continued trading with full operations through financial head winds because of the Sept 2022 Mini Budget, including the secondary market which served our clients well when they required funds from their investments.
- Increased trading through 2023 despite difficult market conditions affected by increasing interest rates and high inflation in the UK.
- Although remote working is fully operational, office working has come back to full strength.

Our Performance Highlights

- ☒ Record financial performance
- ☒ Record turnover
- ☒ Record number of investors
- ☒ Reinvestment of profit to create sustainable business
- ☒ Record value of deals
- ☒ Maintaining zero investor losses to date
- ☒ Focus on delivering value and service to investors with enhanced investor support and increased product range

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Business Development

- The peer-to-peer platform and Kuflink brand has been established in recent years, during the current financial year there has been a strategic change from marketing to new investors to ensuing current investor are receiving a service where they can tailor their portfolio to suit their needs.
- Our meticulousness, calibre and experience of people, business track record and distinguished business model attracts more and more lenders who are looking to work with our proven high-quality platform.



Environmental

Working towards becoming Carbon neutral is central to our business, such as migrating systems to the cloud, funding green innovation in property developments, giving clients better information when making decisions. We continue to minimise energy consumption, reduce waste and monitor any environmental impact, we expect to achieve net zero carbon emissions by 2030.

- Minimising the requirement for paper in the office.
- Cycle to Work Program for all employees being made available.
- Established electric car charging points at Head Office and at our Business Continuity Site since August 2021.
- Our current office premises has an Energy Performance Certificate rating of C.
- Working with property developers to ensure there are "Green" Elements within the development.



Social

- The Board is committed to maintaining an inclusive, supportive and high-performance culture within which our colleagues can be contended, motivated and deliver long-term success for our business.
- Developing socially responsible products.
- Working within the local community.
- Committed to delivering long-term value to customers and wider stakeholders by providing great customer service. Treating customers fairly, which is a primary objective of the Company's regulator – the Financial Conduct Authority is essential to the core of our business strategy.
- Formation of a Cultural committee involving all colleagues to discuss ideas to gain better collaboration internally and externally and to improve the workplace.

KUFLINK LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023



Governance

- Risk mitigation and enhancing our Internal Control Framework continues to be one of Kuflink's key drivers. The Directors have created a culture of meticulous governance and a controlled environment, which is required as the business grows as per the strategic forecast.
- The Company enhances its governance through regular meetings of their committees which strengthens areas of the business such as Finance and Treasury, Credit, Collections, Technology and Compliance/Client Money Assets. Committees' formation dates: Technology committee (March 2018), Remuneration committee (July 2019), Nomination committee (July 2019), Audit committee (July 2019), Asset & Liability committee (ALCO) (July 2019), Executive committee (EXCO) (July 2019), Wind Down planning committee (March 2020), Development committee (July 2021) and Risk committee (April 2023).
- Effective and sound governance is key to the delivery of the Company's strategy and long-term success of the business.
- A contingency wind down plan (WDP) is designed so that, if triggered, Kuflink can wind down the platform loan book to zero within two years. The two-year expenses for a wind down and one months fixed overhead costs have been forecast and these funds have been put aside in a segregated bank account. This has been reviewed during the year.

This report was approved by the board on 20 December 2023 and signed on its behalf.

Narinderjit Khattoare
Director

KUFLINK LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report and the financial statements of Kuflink Ltd ('the Company') for the year ended 30 June 2023.

Directors

The directors who served during the year were:

Narinderjit Khattoare
Rawinder Singh Binning
Hariharan Ramamurthy

Results & Dividends

The Company is reporting a profit after tax of £235,787 for the year 2023 (2022: £125,299), and this is set out in Statement of Comprehensive Income on page 15. Our forecasts show that these profits will continue into financial year 2024 and thereafter.

No ordinary dividend was paid this year (2022: nil). The Directors do not recommend the payment of a final dividend.

Risks and Uncertainties

The Company identifies, analyses and controls risk through our Internal control and Risk assessment frameworks

Market Risk

The Company still faces some economic related uncertainties, principally relating to the health of the UK property market which given the recent inflation and increasing interest rates has slowed down. Economic activity has been affected all round with higher costs. The Company continues to monitor the status of the market and keeps these risks in mind when offering new loans and managing its existing loan portfolio.

Shortage in construction materials can also be traced back to the increased home improvement and building activities since 2020, specifically during the first lockdown across the UK. In addition, adjusting for the pandemic led to slow production of the construction materials from factories, and ever since, the supply chain has remained stretched.

The Company has established itself in the P2P and Bridging loan sector and has discontinued its Cashback incentive scheme with effective date 17 April 2022 and has not needed to return to a similar scheme.

Higher interest rates offered by high street banks has meant that Kuflink has had to increase rates paid to investors to remain competitive, this is continually monitored and assessed, Kuflink has been able to increase its investor base during the period of increasing interest rates and the with the outlook of settled rates followed by a fall, Kuflink does not anticipate a drop in investor numbers.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Financial risk management

(i) Interest rate risk

The Company does not have any significant direct exposure to variances in interest rates. The Company's only asset that is subject to variable interest rates is the cash held at bank. None of the Company's other assets and liabilities are interest bearing. As a result, a 1% increase or decrease in interest rates would not have a material impact on the net assets or profit of the Company (2022: Nil).

(ii) Credit risk

As an operator of a P2P platform, the Company acts as agent in matching P2P lenders and borrowers. As it does not act as principal, the Company does not hold any financial assets or liabilities associated with the underlying loan or bridging facilities and, therefore, it does not have any direct exposure to the credit risk arising from borrower default.

(iii) Concentration risk

Whilst the Company is responsible for the operation of the P2P platform, the risk of borrower default is borne by P2P lenders and Kuflink Bridging Ltd. As underlying loans are novated to P2P lenders, other than for the Kuflink Bridging Ltd's stake of up to 5%, the P2P lenders assume the risk of delays in repayments. Any capital loss will be passed on to the P2P lenders after Kuflink Bridging Ltd assuming the first loss on its stake of up to 5% on some Select Invest loans.

(iv) Liquidity risk

Given that the Company's revenue is entirely derived from Kuflink Bridging Limited, the Company's principal risks relate to the credit default and liquidity risks associated with receipt of income on a timely basis from this counterparty. Kuflink Bridging Limited is reliant on Group funding to facilitate these payments. The risk of default and the need to maintain sufficient liquidity is managed through regular review of the affiliated undertaking (Kuflink Bridging Limited) and the Group's ability to pay through future capital raise. The Directors of the Group are aware of the need to support Kuflink Ltd in its growth journey. This would ensure that the Company maintains sufficient working capital to meet its FCA requirement of liquid assets and financial resources. These levels are monitored for compliance on a regular basis through the Wind Down Planning committee (May 2021) which monitors Kuflink's well-being metrics within the business. The Company holds a minimum liquidity buffer of £900,000 with effect from September 2022 in a segregated account.

Governance

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Directors' responsibilities statement

The Directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards FRS102). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

Directors' disclosures under s172(1)

Section 172 of the Companies Act 2006 requires Directors of an entity to act in the way they consider, in good faith, would be most likely to promote the success of the entity for the benefit of its members as a whole. As part of their deliberations and decision-making processes, the Directors take into account the following:

- (i) likely consequences of any decisions in the long term;
- (ii) the interests of the Company's employees;
- (iii) the need to foster the Company's business relationships with suppliers, customers and others;
- (iv) the impact of the Company's operations on the community and the environment; and
- (v) the desirability of the entity maintaining a reputation for high standards of business conduct

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Going Concern statement

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 6. The financial position of the Company, its cash flows, liquidity position are described in the Directors' Report on pages 7 to 11. In addition the Strategic Report and the Directors' Report include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The Directors have reviewed the level of P2P platform investors and the number of new investors year on year and the expected level of new investors required with the forecast loan book growth and fully expect demand to be met. The Company has not experienced loss of investors post year end as interest rates have risen in the UK. The Directors have run stressed operating scenarios and increased the Group's liquidity buffer within its Capital Adequacy Policy to ensure the wind down plan (WDP) can be implemented fully if required. The last Wind Down Plan calculations were carried out in September 2022, there were no further calculation made during the financial year as the Directors have deemed this as adequate.

The Company has considerable financial resources, the Peer to Peer platform investments are in long-term loans with a number of borrowers of different geographic areas and types of loan, these loans are held by Kuflink Bridging Limited, a fellow subsidiary of Kuflink Group Plc. The volume of Peer-to-Peer investors has increased substantially and the company is not reliant on a few investors. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Research & Development

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

Directors' Indemnities

Directors' and officers' insurance cover has been established for all Directors to provide a cover up to £2m for their reasonable actions on behalf of the Company. A deed was executed indemnifying each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2023 financial year and remain in force for all current and past Directors of the Company.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023**

Disclosure of information to the auditor

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

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

Independent Auditors

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

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

This report was approved by the board on 20 December 2023 and signed on its behalf.



**Narinderjit Khattoare
Director**

KUFLINK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUFLINK LTD

Opinion

We have audited the financial statements of Kuflink Limited (the "Company") for the year ended 30 June 2023, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the company's financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

KUFLINK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUFLINK LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

KUFLINK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUFLINK LTD (CONTINUED)

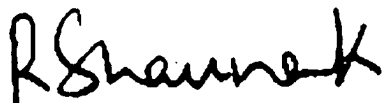
- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing the control systems in place and testing the design and implementation of the controls.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias.

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

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

Use of our report

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



Rakesh Shaunak FCA, (Senior Statutory Auditor)

For and on behalf of MHA, Statutory Auditor
London, United Kingdom
20 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

KUFLINK LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Turnover	3	2,726,855	2,476,633
Cost of sales	4	(526,755)	(800,631)
Gross profit		2,200,100	1,676,002
Administrative expenses	5	(1,964,313)	(1,550,703)
Operating profit		235,787	125,299
Profit on ordinary activities before taxation		235,787	125,299
Taxation	9	-	-
Profit for the financial year		235,787	125,299
Other comprehensive income for the year		-	-
Total comprehensive income for the year		235,787	125,299

The notes on pages 18 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	10	891,628	1,126,990
Tangible assets	11	38,360	41,373
		<u>929,988</u>	<u>1,168,363</u>
Current assets			
Debtors: amounts falling due within one year	12	10,473,439	7,774,860
Cash at bank and in hand	13	1,076,059	809,945
		<u>11,549,498</u>	<u>8,584,805</u>
Creditors: amounts falling due within one year	14	(9,842,119)	(7,351,588)
Net current assets		<u>1,707,379</u>	<u>1,233,217</u>
Total assets less current liabilities		<u>2,637,367</u>	<u>2,401,580</u>
Net assets		<u>2,637,367</u>	<u>2,401,580</u>
Capital and reserves			
Called up share capital	15	4,225,100	4,225,100
Accumulated loss		(1,587,733)	(1,823,520)
		<u>2,637,367</u>	<u>2,401,580</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2023.


Narinderjit Khattoare
Director

The notes on pages 18 to 29 form part of these financial statements.

KUFLINK LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	Called up share capital £	Accumulated loss £	Total equity £
At 1 July 2021	4,225,100	(1,948,819)	2,276,281
Comprehensive income for the year			
Profit for the year	-	125,299	125,299
Total comprehensive income for the year	-	125,299	125,299
At 1 July 2022	4,225,100	(1,823,520)	2,401,580
Comprehensive income for the year			
Profit for the year	-	235,787	235,787
Total comprehensive income for the year	-	235,787	235,787
At 30 June 2023	4,225,100	(1,587,733)	2,637,367

The notes on pages 18 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. Accounting policies

1.1 Basis of preparation of financial statements

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

The Company has also taken the advantage of the exemption allowed by FRS102, Section 7 not to present a Statement of Cash Flows. The Company is defined as a small company under Companies Act 2006, Section 382.

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

The functional and presentational currency for the entity is Sterling.

The address of the Company's principal place of business is:
21 West Street
Gravesend
Kent
DA11 0BF

The address of the Company's registered office is:
Level 1, Devonshire House
One Mayfair Place
London
W1J 8AJ

1.2 Going concern

Business Overview and Future Outlook

The Company's business activities and the factors that are likely to affect its future growth, performance, and financial position are outlined in the Strategic Report on pages 1 to 6. The Company's financial situation, cash flows, and liquidity are described in the Directors' Report on pages 7 to 11. In addition, the Strategic Report and the Directors' Report include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

Financial Highlights and Outlook

The Company has experienced a significant increase in profit for the year. With no changes to the Company's core product, the Directors are confident that the Company can continue to grow income and profit in the foreseeable future.

Investor Demand and Liquidity Buffer

The Directors have reviewed the level of peer-to-peer (P2P) platform investors and the number of new investors year on year, as well as the expected level of new investors required to support the forecast loan book growth. They are confident that demand will be met. The Company has not experienced any loss of investors since the end of the year, despite rising interest rates in the UK. The Directors have reviewed and approved the Group's liquidity buffer within its Capital Adequacy Policy to ensure that the wind-down plan (WDP) can be fully implemented if necessary.

KUFLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. Accounting policies (continued)

1.2 Going concern (continued)

Risk Management and Financial Strength

The Company has considerable financial resources, the Peer to Peer platform investments are in long term loans with a number of borrowers of different geographic areas and types of loan as reported by Kuflink Bridging Limited. The volume of Peer-to-Peer investors has increased substantially and the Company is not reliant on a few investors. As a result, the Directors believe that the Company is well-positioned to effectively manage its business risks, even in the face of the current uncertain economic outlook.

Going Concern Basis of Accounting

The Directors have a reasonable expectation that the Company has sufficient resources to continue in business for the foreseeable future. Therefore, they continue to employ the going concern basis of accounting when preparing the annual financial statements.

1.3 Revenue

Turnover is measured at the fair value of the consideration received or receivable, in accordance with Financial Reporting Standard 102. Turnover is based on cost-plus mark-up basis and billed monthly.

1.4 Administrative expenses

Expenses incurred are recognised on an accrual basis.

1.5 Intangible assets

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

An internally generated asset arising from the Company's development is recognised only if all the following conditions are met:

- an asset is created that can be identified (such as software and new systems);
- it is probable that the asset created will generate future economic benefits; and
- the development costs of the asset can be measured reliably.

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

Intangible assets over 4 years - straight line basis

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. Accounting policies (continued)**1.6 Tangible fixed assets**

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

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

1.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.9 Creditors

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

1.10 Dividends

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

1.11 Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. Accounting policies (continued)**1.12 Taxation**

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

1.13 Provisions

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

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

KUFLINK LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year.

i) Provisions

Provisions established by the Company are based on management's assessment of relevant information and advice available at the time of preparing the financial statements. Outcomes are uncertain and dependent on future events. Where outcomes differ from management's expectations, differences from the amount provided will impact profit or loss in the period the outcome is determined. The Company currently has no provisions..

ii) Impairment of tangible and intangible assets

Management exercises judgment in determining whether an impairment loss should be recognised when the carrying amount of tangible and intangible assets is less than the recoverable amount. Judgement is required to identify the cash generating units (CGU) where the asset does not generate cash inflows that are largely independent of those assets or other groups of assets. This is particularly relevant where additional functionality or modules are built on to the platform for which individual future economic benefit cannot be quantified. These are thus grouped to the largest CGU to which management can reliably assign future economic benefit. The Company currently has no impairment of tangible or intangible assets.

iii) Amortisation of intangible assets

Management exercises judgment in determining expected useful lifetime for amortisation of the intangible assets based on the length of the average investor lifetime on the platform. The average length is estimated as 4 years.

iv) Tax

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

3. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Platform fees	2,682,849	2,458,120
Other income	44,006	18,513
	<u>2,726,855</u>	<u>2,476,633</u>

KUFLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

4. Cost of Sales

	2023 £	2022 £
Investor promotion	414,459	321,749
Cashback	112,296	478,882
	<u>526,755</u>	<u>800,631</u>

5. Administrative expenses

	2023 £	2022 £
Employee costs	822,060	577,238
General administrative expenses	1,142,253	973,465
	<u>1,964,313</u>	<u>1,550,703</u>

6. Operating profit

	2023 £	2022 £
The operating profit of the company is stated after charging/(crediting)		
Depreciation of tangible fixed assets	20,643	27,676
Amortisation of intangible assets	336,365	341,298
Operating lease rentals - plant and machinery	48,000	48,000
Auditor's remuneration for audit services	30,500	28,000

KUFLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

7. Directors' emoluments

	2023	2022
	£	£
Emoluments	181,602	164,076
Bonus	5,797	4,175
Company contributions to defined contribution Pension plans	1,849	1,354
	189,248	169,605

Number of Directors to whom retirement benefits accrued

	2023	2022
	Number	Number
Defined contribution plans	1	1

8. Staff costs including Directors

	2023	2022
	£	£
Wages and Salaries	795,708	536,624
Other staff costs	26,352	27,576
	822,060	564,200

	2023	2022
	Number	Number
Average number of employees of the company including Directors during the year		
Administration	6	5
Development	6	3
Marketing	4	2
	16	10

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

9. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 25% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	235,787	125,299
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 - 19%)	58,947	23,807
Effects of:		
Expenses not deductible for tax purposes	3,616	3,203
Capital allowances for year in excess of depreciation	(13,089)	76,091
Loss surrendered from the group	(14,286)	(46,685)
Trading losses brought forward and used against profits	(35,188)	(56,416)
Total tax charge for the year	-	-

Company has no tax losses available to carry forward. Corporation Tax main rate has increased to 25% for profits above £250,000 from 1 April 2023. A small profits rate of 19% applies for companies with profits of £50,000 or less.

Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief from 1 April 2023. This provides a gradual increase in the effective Corporation Tax rate.

KUFLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

10. Intangible assets

	Computer software £
Cost	
At 1 July 2022	2,392,197
Additions - internal	101,003
At 30 June 2023	2,493,200
Amortisation	
At 1 July 2022	1,265,207
Charge for the year on owned assets	336,365
At 30 June 2023	1,601,572
Net book value	
At 30 June 2023	891,628
At 30 June 2022	1,126,990

KUFLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

11. Tangible fixed assets

	leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 July 2022	224,300	46,505	270,805
Additions	-	17,630	17,630
At 30 June 2023	224,300	64,135	288,435
Depreciation			
At 1 July 2022	206,695	22,737	229,432
Charge for the year	9,600	11,043	20,643
At 30 June 2023	216,295	33,780	250,075
Net book value			
At 30 June 2023	8,005	30,355	38,360
At 30 June 2022	17,605	23,768	41,373

12. Debtors

	2023 £	2022 £
Amounts owed by group undertakings	10,405,481	7,733,083
Other debtors	2,075	75
Prepayments and accrued income	65,883	41,702
	10,473,439	7,774,860

KUFLINK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

13. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	1,076,059	809,945
	<u>1,076,059</u>	<u>809,945</u>

Balance includes £200,189 (2022: £800,178) held in reserve account and £700,000 (2022:£Nil) held in treasury reserve accounts to cover Wind Down Plan estimated costs.

14. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	74,227	55,136
Amounts owed to group undertakings	9,603,733	6,352,526
Other taxation and social security	2,926	2,926
Other creditors	3,657	320,283
Accruals and deferred income	157,576	620,717
	<u>9,842,119</u>	<u>7,351,588</u>

15. Share capital

	Nominal value each share	2023 Number	2023 £	2022 £
Allotted, Called up and fully paid:				
Ordinary Shares	£1.00	4,225,100	4,225,100	4,225,100

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

16. Related party transactions

During the year, the Company has traded with suppliers who are controlled by Directors of the Group amounting to 115,000 (2022: £32,500).

Directors or related parties had an investment amounting to £92,450 (2022: £174,498) in the Kuflink P2P platform. The terms and conditions for these investments are the same for any other investors in the platform.

The Company has taken the advantage of the exemption allowed by FRS102, "Related party disclosures", not to disclose any transaction with members of the group of Kuflink Group Plc where 100% of the voting rights of those companies are controlled within that group.

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

17. Controlling party

Kuflink Ltd is 100% owned by Kuflink Group Plc. The registered address of the parent Company is Level 1, Devonshire House, One Mayfair Place, London, W1J 8AJ. Consolidated accounts that include the results and financial position of the Company are prepared by Kuflink Group Plc and are available from the registered address.