

Registration Number 08668507

Landbay Partners Limited
Directors' Report and Financial Statements
for the year ended 31 December 2020



Company Information

Directors	J R Goodall G M Stern J M Jenkins A J Ward J H Cork M P Baptista
Secretary	R Bhopal
Company Number	08668507
Registered Office	60 7th Floor Buckingham Palace Road London SW1W 0AH
Independent Auditor	Nexia Smith & Williamson Chartered Accountants Statutory Auditor 25 Moorgate London EC2R 6AY

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Strategic Report

For the year ended 31 December 2020

The directors present their Strategic Report on Landbay Partners Limited ('the Company') for the year ended 31 December 2020.

Review of the business

Principal Activities and Business Review:

The Company is a marketplace lending platform that originates and services mortgages on behalf of other financial institutions focused on the Prime Specialist BTL Market and lending to borrowers in the form of residential mortgages to purchase or refinance Buy-To-Let (BTL) properties, predominantly by experienced landlords and professional investors.

The objective of the business remains becoming the leading player within the buy-to-let mortgage sector.

The Company currently remains authorised by the FCA to operate an electronic platform relating to lending, although this is not mandatory for institutional lending activities. All lending continues to be directly secured by a first legal charge over the property, held in trust by a Security Trustee, across whole loans.

Signing of further new institutional funding facilities during the year strengthened diversification and funding and the ability to materially increase origination volumes. The strong pipeline at year end and applications levels run rate following a strong recovery post Covid-19 underpins good momentum going into 2021.

Despite the pandemic challenges, revenue was on level with last year, a credible performance given closure of the housing market during Q2, with mortgages under management growing by over 30% to £603m. This was supported by continuing penetration of market share, and industry awards including Buy-to-Let Lender of the year and Deloitte top 20 fastest growing technology companies in the UK, for third year running.

Loan credit quality remained strong with very low defaults to date.

Risks and Uncertainties:

The Company is not exposed to direct risk of capital loss across borrower loans. Funders retain beneficial interest in the loans with the Company acting as agent in facilitating and administering the loans. The Company derives revenue from fees at loan inception and recurring margin throughout the loan term, with all lender funds held in segregated Client Accounts. All loans are subject to stringent credit and affordability criteria, secured against residential properties valued by an external firm of surveyors, who are subject to independent selection and monitoring by a Panel Manager. In the unlikely event of a borrower defaulting on repayments which cannot be recovered as a last resort the property is managed through receivership or repossessed to repay the original loan capital plus arrears and costs, though this may still result in a shortfall. In common with the broader market, interest rate, liquidity and economic risks may affect revenue and loan performance.

The following key macro risks that can adversely affect our markets and business include:

- Changes in interest rates;
- Lack of liquidity and tighter lending criteria;
- Slowdown in the residential housing market;
- Slowdown in the private rental market;
- Changes in taxation policies and regulation;
- Contagion from failure of other lending platforms or non-bank lenders; and
- Failure of third-party partners impacting service levels.

The above list of risks is meant to highlight, in addition to any noted elsewhere in this report, those we consider relevant today and not intended to be an exhaustive list of risks facing the business.

In addition to the regular Board and Executive Management meetings, the Company maintains Corporate Governance through various Governance Committees, including a Credit Committee, Risk and Controls

Strategic Report (continued)

For the year ended 31 December 2020

Committee and Treasury and Financial Committee. These comprise stakeholders from across the business, are chaired by Senior Management, and are accountable to the Board according to the Company's Risk Policies and Mandates.

Funding:

As in previous years, the business continued to raise equity from new and existing investors. The total raised during the year was £1.2m with a further raise of circa £3.2m completed in 2021. The business maintained a strong financial position at the year end with positive cash reserves.

Whilst lending was constrained in 2020 quarter on quarter growth resumed in Q2 supported by institutional funding diversification, product and criteria and investment in the new technology which significantly increased efficiencies and underpinned service levels as the business scales. A number of initiatives were successfully delivered during the year. Key indicators are summarised below.

	2020	2019
Loan book		
Flow – Loan completions (value and volume)	£209,449,053 on 879 loans	£232,342,787 on 914 loans
Stock – Loan book (value and volume)	£602,865,942 on 2,368 loans	£460,492,559 on 1,813 loans
Gearing - Loan to Value (LTV)	72%	70%

The Company was able to improve service, via increasing the processing efficiency from application to completion. It also improved diversification and affordability of its products, both in terms of geographical distribution as well as rental coverage.

The specialist segment of the overall buy-to-let market continued to grow strongly, driven by professionalising of the sector from regulatory and tax changes. Landbay continues to build a scalable, technology enabled and service focused lender with the aim to become the leading specialist BTL lender in the UK.

Landbay has built strong origination capabilities through the intermediary channel.

Landbay has a strong and experienced lending and management team and is a member of the Intermediary Mortgage Lenders Association and UK Finance.

The mortgage loan book grew significantly with new originations supported by low redemption rates. The overall BTL market gross lending decreased slightly to £38.1bn (2019: c.£41bn), however, the specialist lending market within this grew at a much faster rate with market changes driving additional lending from portfolio landlords. The Company continues to closely monitor and analyse the profile of Lenders to grow the base and value of funded accounts, helping to diversify funding sources for BTL lending.

Strategic Report (continued)

For the year ended 31 December 2020

Funding (continued):

Revenue remained flat in a difficult market with growth in loan originations and improving margins in the second half maintaining efficient funding and origination models. The increase in operational cash was re-invested into the business in key areas such as Technology, Operations, and Underwriting to maintain service standards and credit quality. Headcount increased to support the continued growth. With this investment to support strong recovery in 2021 and beyond, the business posted an operating loss for the year.

The quality of the mortgage loan book, based on the key metrics mentioned earlier, is monitored and controlled through prudent credit policies and underwriting processes. These are regularly reviewed and mandated at the Credit Committee. The Loan to Value (LTV) and rental coverage of the whole portfolio remained comfortably within minimum criteria limits, supporting a fully performing book with no defaults. These metrics indicate the strong credit quality at the centre of our business model of consistent and sustainable returns for funders through the long term.

Review of strategy and business model

In common with high growth businesses the loss incurred in the year is driven by the Company's continuing investment in people, infrastructure and processes. As mentioned earlier, the Company anticipates further strong growth with the business gradually moving towards profitability and operational cash generation.

Section 172 reporting

The directors of the Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

The Company's directors have considered the above as detailed below:

- The likely consequences of any decisions in the long-term - The Executive Committee undertake monthly meetings in which the performance against budget and strategic plans of the business are considered in detail. The strategic goals are then discussed at regular Board meetings 6-8 times a year which are attended by the directors. Certain matters are reserved for the Board. In making decisions concerning the ongoing operation of the business, the directors and the management team have regard to a variety of matters including the interests of its ultimate shareholders and the consequences of its decisions and the long-term reputation of the business.
- The interests of the Company's employees - The directors are committed to ensuring a responsible business and to ensuring a behaviour which is aligned with the expectations of staff. Employee performance is monitored closely by the Board and remuneration of employees is aligned to the objectives of the Company. The Remuneration Committee assess and approve Executive remuneration under formal Terms of Reference.
- The need to foster the Company's business relationships with suppliers, customers and others – The Executive management committee discuss any client complaints and supplier matters on a monthly basis and sooner if required. Beyond the management meetings there are regular Committees and team and departmental meetings, which the directors attend, where relationships, service levels and commitments with key third party providers are discussed.
- The impact of the Company's operations on the community and environment – The Company supports good causes and the welfare of our wider community with several fundraising initiatives throughout the year, including a Homeless Charity, which the directors' believe is an important contribution, not only financially, but other areas such as skills and employment.

Strategic Report (continued)
For the year ended 31 December 2020

Section 172 reporting (continued)

- The desirability of the Company maintaining a reputation for high standards of business conduct – The Board sets out the values and standards required of all employees in the staff handbook. All employees and directors sign to confirm that they have read and understood the content of the handbook.
- The need to act fairly as between shareholders of the Company – The directors are committed to openly engaging with the Company's shareholders and recognise the importance of a continuing effective dialogue. The directors ensure that that shareholders understand the Company's strategy and objectives, through quarterly Investor Updates, in addition to regular news flow through other channels.

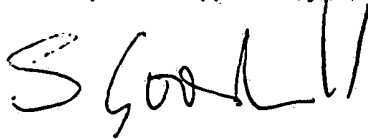
COVID-19

During 2020, COVID-19 was declared a pandemic by the World Health Organisation. Management implemented a number of initiatives to mitigate the short-term trading impacts and the Board and Executive Management team implemented measures to respond to the challenges.

The business enjoyed a strong pace of recovery once markets re-opened. The business continued to focus on investment in Underwriting, Operations and Technology teams to support the anticipated growth in lending volumes and loan book over next 18 months.

The directors are of the view that the business can continue as a going concern in the foreseeable future. Details in respect of the going concern assessment are provided in the Directors' Report.

This report was approved by the Board on 29 September 2021.



John Goodall
Director
Company Registered no. 08668507

Directors' Report

For the year ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and Dividends

The results for the year are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 14. The directors do not recommend a future payment of a dividend. The loss for the year was £2,279,008 (2019: £3,205,821).

Future Developments

Whilst the overall BTL market is expected to show modest growth, the specialist mortgage market is expected to continue growing strongly. Projected growth in the private rental market with strong appetite from professional landlords combined with ongoing supply restrictions will continue to underpin lending.

Funding

As described in the Strategic Report, the directors raised £1.2m during the year, with a further raise of circa £3.2m completed in 2021 to support the Company's ongoing growth.

Employees

The directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Company's performance. The Company is committed to providing equality of opportunity to all employees regardless of nationality, ethnic origin, age, sex or sexual orientation and continues to be supportive of the employment and advancement of disabled persons.

Health, Safety and the Environment

The directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Company are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

Directors

The directors who served during the year are detailed below:

J Goodall
G Stern
J Jenkins
A Ward
J H Cork
M P Baptista

Going concern

At the year end the Company had made a total comprehensive loss for the year of £2,279,008 (2019: £3,205,821). In assessing the Company's going concern status, the directors have considered the trading results since the year end, forecasted lending levels, the profit and loss forecast, the cash flow forecast and the equity fundraise completed post year end (as described in the Strategic Report) and are confident that the Company has adequate resources to be able to support growth, working capital commitments, regulatory capital requirements and to meet its obligations as they fall due for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis which the directors consider appropriate in the circumstances.

Directors' Report (continued)
For the year ended 31 December 2020

Auditor

The auditor, Nexia Smith & Williamson, shall hold office subject to and in accordance with the provisions of sections 485 to 488 of the Companies Act 2006.

Disclosure of information to auditors

Directors of the Company have confirmed that in fulfilling their duties as a director:

- so far as they are each aware, there was no relevant audit information of which the Company's auditor is unaware; and
- they have taken all reasonable steps that a director ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

This report was approved by the board on 29th September 2021.

A handwritten signature in black ink, appearing to read 'John Goodall', written over a horizontal line.

John Goodall
Director
Company Registered no. 08668507

Statement of Directors' Responsibilities

For the year ended 31 December 2020

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on a 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Landbay Partners Limited

Opinion

We have audited the financial statements of Landbay Partners Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Members of Landbay Partners Limited (continued)

Other information

The other information comprises the information included in the Director's Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Director's Report and Financial Statements. 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.

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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of Landbay Partners Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations and how management identify breaches of the applicable Financial Conduct Authority (FCA) rules. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with requirements of the framework through:

- The Directors managing and overseeing a compliance function;
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and international accounting standards in respect of the preparation and presentation of the financial statements; and
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA).

To gain evidence about compliance with the significant laws and regulations above we reviewed the Company's breaches register, reviewed board meeting minutes, inspected correspondence with the FCA relating to the year and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries and incorrect recognition of revenue. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation; and
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the Company's processes and controls surrounding manual journal entries.



Independent Auditor's Report to the Members of Landbay Partners Limited (continued)

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

A further description of our responsibilities is available on the Financial Reporting Council'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.

Nexia Smith & Williamson

Jonathan Wiseman

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 29 September 2021

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Revenue	5	8,037,288	8,036,201
Cost of sales		(2,848,500)	(2,786,750)
Gross profit		5,188,788	5,249,451
Other income		1,017,617	3,764
Administrative expenses		(9,058,436)	(9,129,477)
Loss on ordinary activities before tax	8	(2,852,031)	(3,876,262)
Taxation	9	573,023	670,441
Loss for the year after tax		(2,279,008)	(3,205,821)
Other comprehensive income		-	-
Total comprehensive loss for the year	19	(2,279,008)	(3,205,821)

All income relates to continuing operations.

The notes on pages 18 to 32 form part of these financial statements.

Statement of Changes in Shareholders' Equity

As at 31 December 2020

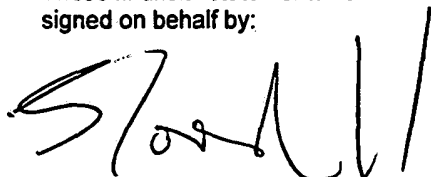
	Share capital £	Share premium £	Deferred consideration reserve £	Retained earnings £	Share option reserve £	Total equity £
Balance at 1 January 2019	1,919	9,494,834	319,986	(7,755,683)	59,917	2,120,973
Total comprehensive loss for the year	-	-	-	(3,205,821)	-	(3,205,821)
Reversal of share option reserve	-	-	-	59,917	(59,917)	-
Issue of new ordinary shares	292	5,785,728	-	-	-	5,786,020
IFRS 16 adjustment	-	-	-	(29,864)	-	(29,864)
Cancellation of deferred consideration	-	-	(319,986)	-	-	(319,986)
Share-based payment charge	-	-	-	-	-	-
Balance at 31 December 2019	2,211	15,280,562	-	(10,931,451)	-	4,351,322
Total comprehensive loss for the year	-	-	-	(2,279,008)	-	(2,279,008)
Reversal of share option reserve	-	-	-	-	-	-
Issue of new ordinary shares	53	1,163,536	-	-	-	1,163,589
IFRS 16 adjustment	-	-	-	-	-	-
Cancellation of deferred consideration	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	-
Balance at 31 December 2020	2,264	16,444,098	-	(13,210,459)	-	3,235,903

Statement of Financial Position

As at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Assets			
Non-current assets			
Intangible assets	11	3,157,615	2,957,569
Property, plant and equipment	12	1,917,948	1,567,592
Investments	13	-	1,000
Other receivables	14	321,312	321,312
		<u>5,396,875</u>	<u>4,847,473</u>
Current assets			
Trade and other receivables	14	1,087,181	1,353,541
Cash and cash equivalents	15	1,013,494	1,235,732
		<u>2,100,676</u>	<u>2,589,273</u>
Total assets		7,497,551	7,436,746
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	2,264	2,211
Share premium	17	16,444,098	15,280,562
Deferred consideration reserve	18	-	-
Retained earnings	19	(13,210,459)	(10,931,451)
Total equity		<u>3,235,903</u>	<u>4,351,322</u>
Liabilities			
Current liabilities			
Trade and other payables	20	2,188,552	1,825,188
Finance lease liability	20	783,645	556,481
		<u>2,972,197</u>	<u>2,381,669</u>
Non-current liabilities			
Bank loan	21	50,000	-
Finance lease liability	21	1,239,451	703,755
		<u>1,289,451</u>	<u>703,755</u>
Total liabilities		<u>4,261,648</u>	<u>3,085,424</u>
Total equity and liabilities		<u>7,497,551</u>	<u>7,436,746</u>

These financial statements have been approved for issue by the board of directors on 29th September 2021 and signed on behalf by:



John Goodall
Director
 Company Registered no. 08668507

The notes on pages 18 to 32 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash flow from operating activities			
Net cash used in operating activities	22	(272,333)	(1,518,976)
Corporation tax credit received		670,441	338,826
Net cash generated from / (used in) operating activities		398,108	(1,180,150)
Cash flow from investing activities			
Payments for property, plant and equipment		(33,896)	(920,079)
Payments for intangible assets		(1,647,040)	(2,118,319)
Proceeds on disposal		-	-
Net cash used in investing activities		(1,680,936)	(3,038,398)
Cash flow from financing activities			
Proceeds from issue of shares		1,163,589	5,610,221
Loans received		50,000	-
Repayment of finance leases		(153,000)	(345,822)
Net cash generated from financing activities		1,060,589	5,264,399
Net (decrease)/increase in cash		(222,238)	1,045,860
Cash and cash equivalents at beginning of period		1,235,732	189,872
Cash and cash equivalents at end of period	15	1,013,494	1,235,732

The notes on pages 18 to 32 form part of these financial statements.

Notes to the Financial Statements

For year ended 31 December 2020

Registered number: 08668507

1. General information

Landbay Partners Limited, a private limited company, limited by shares, incorporated in England and Wales, is an online marketplace mortgage lender and lending them out as residential mortgages to borrowers for the purchase or refinance of Buy-To-Let ('BTL') properties, predominantly to experienced landlords and professional investors. The address of its registered office is 7th Floor, 60 Buckingham Palace Road, London, SW1W 0AH.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of Landbay Partners Limited have been prepared in accordance with applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The Company's financial statements have been prepared under the historical cost convention and on a going concern basis.

The financial statements have been prepared in accordance with applicable law and international accounting standards issued and effective or issued and early adopted as at the time of preparing these financial statements.

The financial statements present information about the Company and not its group. The Company has taken advantage of the exemption from producing consolidated financial statements in accordance with s.402 of the Companies Act 2006 as, in accordance with s.405 of the Companies Act 2006, a subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view.

Changes in accounting policies and disclosures*a) New and amended Standards and Interpretations adopted by the Company*

Amendments have been made to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to the definition of material. The amendments clarify the definition of what is material to the financial statements and how to apply the definition.

b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2020 but not currently relevant to the Company

The following new and amended Standards and Interpretations are not currently relevant to the Company; however, they may have a significant impact in future years:

- Interest rate benchmark reform: amending hedge accounting requirements of IFRS 9, IAS 39 and IFRS 7.

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2020

- IFRS 17: "Insurance Contracts"
- Amendment to IAS 1: "Classification of Liabilities as Current or Non-current"

Notes to the Financial Statements (continued)

2.2 Going concern

At the year end the Company had made a total comprehensive loss for the year of £2,279,008 (2019: £3,205,821).

In assessing the Company's going concern status, the directors have considered: the trading results since the year end, forecasted lending levels, the profit and loss forecast, the cash flow forecast and the equity fundraise completed post year end (as described in the Strategic Report).

Based on the above, the directors are confident that the Company has adequate resources to be able to support growth, working capital commitments, regulatory capital requirements and to meet its obligations as they fall due for the foreseeable future.

Based on the above assessment, the financial statements have been prepared on a going concern basis which the directors consider appropriate in the circumstances.

2.3 Revenue recognition

Revenue represents interest and fees receivable from lenders and borrowers for the arranging of finance.

Application fees

Fees are due from borrowers upon acceptance of loan offers. They are non-refundable and therefore recognised as revenue irrespective of whether the loan completes.

Product fees

Fees are due from borrowers and lenders at loan completion, which in most cases are added to the loan. They are recognised in full as revenue at loan completion.

Platform fees

The Company acts as the administrator of the loans and collects interest on behalf of the Lenders. Interest is receivable from borrowers throughout the term. Part of this interest is payable to the Company as a platform fee and recognised as revenue in the period due. The balance of interest is paid to the lenders and is not recognised by the Company. The Company has no beneficial interest in or derives any other economic benefit from the loan. It does not bear any risk of loss other than the forgone platform fees.

Other income

This includes Government grant income under the Covid schemes and rent concessions

2.4 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less.

Notes to the Financial Statements (continued)

2.4 Financial instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.5 Intangible Assets

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

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

Internally generated assets are amortised on a straight-line basis over their expected useful lives as follows:

Software	-	3 years
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The Company undertakes the development of software and, as such, capitalises the work performed in the course of the development projects. Directly attributable costs are capitalised in relation to the development of software and will be amortised over the useful life of the software once fully developed for its intended use. Development is now delivered in agile 'sprints' over quarterly periods to reflect the mature nature of the platform and functionality enhancements.

2.6 Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual value by equal annual instalments over their expected useful economic life, on a straight-line basis, as follows:

Computer equipment	-	3 years
Fixtures & fittings	-	3 years
Leasehold Improvements	-	5 years
Right of use asset	-	Over the term of the lease

2.7 Investments

The investment in the unlisted subsidiary undertaking is carried at cost less provision for impairment in value.

2.8 Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax. The current tax charge is based on the taxable profit or loss for the year. Taxable profit differs from net profit as reported in Statement of Profit or Loss and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other

Notes to the Financial Statements (continued)

2.8 Taxation (continued)

than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to Profit or Loss, except when it relates to items charged or credited directly to Other Comprehensive Income, in which case the deferred tax is also dealt with in Other Comprehensive Income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied.

2.9 Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the profit or loss account. The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the Profit or Loss account, with a corresponding adjustment to equity.

2.10 Leases

Accounting policy applicable after 1 January 2019

IFRS 16 was adopted as of 1 January 2019 and comparative figures were restated in the prior year.

A right-of-use asset and a lease liability has been recognised for all leases. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date.

The Company will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

On the Statement of Financial Position, right-of-use assets have been included in plant and equipment.

2.11 Research and development

Research expenditure is charged to the Profit or Loss account in the period in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset is met. Other development expenditure is recognised in the Profit or Loss account as it is incurred.

Notes to the Financial Statements (continued)

3. Financial risk management

The Company uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Company does not trade in financial instruments.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Credit risk

The Company has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Company ensures it has adequate cover through the availability of bank overdrafts and loan facilities with related parties.

c) Cash flow risk

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Total cash and cash equivalents held by the Company at 31 December 2020 was £1,013,494 (2019: £1,235,732).

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the year-end date and the reported amounts of revenues and expenses during the reporting period.

In the opinion of the directors, key judgements and estimates include:

- The assumptions relating to the forecasted levels of lending post year end – management have forecasted these based on observed current levels of lending. These represent a key estimate, as they support the carrying value of the intangible asset and the post year end impairment review, as well as the going concern assessment;
- The expected useful life of intangible assets (see note 2.5) – this represents managements' best estimate in respect of the period over which the asset is expected to contribute the future cash flows of the Company;
- The likelihood that share option vesting conditions will be met (see note 7) - The share options issued by the Company are only exercisable in the event of a sale or listing of the Company. Management deem that a sale or listing of the Company is not probable.

Notes to the Financial Statements (continued)**5. Turnover**

	2020	2019
	£	£
Product, platform and application fees	8,037,288	8,036,201
	<u>8,037,288</u>	<u>8,036,201</u>

6. Employee benefit expenses

	2020	2019
	£	£
Staff costs for the Company during the year		
Wages and salaries	5,092,141	5,216,118
Social security costs	594,923	637,975
Other pensions costs	288,009	246,715
	<u>5,975,073</u>	<u>6,100,808</u>

Average number of people (including executive directors) employed by the Company during the year was

	2020	2019
	Number	Number
Operational and Risk	13	43
Administration and support	84	37
	<u>97</u>	<u>80</u>

6a. Directors' emoluments

	2020	2019
	£	£
Remuneration and other emoluments	325,117	472,936
	<u>325,117</u>	<u>472,936</u>

6b. Highest paid director

	2020	2019
	£	£
Amounts included above:		
Emoluments and other benefits	172,542	207,244
	<u>172,542</u>	<u>207,244</u>

Notes to the Financial Statements (continued)**7. Share-based payments****Warrants**

On 1 July 2016, warrants were granted to a shareholder at an exercise price of £0.01. The warrants were issued in relation to services provided under certain commercial agreements and are conditional on certain thresholds being achieved of introduced investments onto the Company's platform. The warrants are exercisable at any time on or after the vesting date. Any unexercised warrants will expire on 1 July 2021 or in the event of the commercial agreements being terminated prior to the expiry date, 90 days after the termination date.

During 2019, the Zoopla warrants were cancelled by mutual agreement due to the low levels of activity.

Share options

The Company has a HMRC approved share option scheme for certain employees. The options are only exercisable in the event of a sale or listing of the Company and will be settled in equity once exercised. Options are forfeited if an individual leaves the Company before the options vest and if the options remain unexercised after a period of 10 years from the date of grant, they will expire. Since no sale or listing of the Company is considered probable, no charge has been recognised for share based payments (2019: £Nil).

An additional Growth Shares Scheme was implemented during the prior year. Members of the executive management team participate in what is commonly referred to as a "growth" share plan operated by Landbay Partners Limited ("the Company"). Growth shares entitle the holder to participate in the future growth in the Company's value when an exit event is achieved (e.g. an IPO, liquidation or change of control). The proportion of proceeds attributable to the growth shares will increase when the exit value surpasses certain thresholds.

The eligible holders acquire options over the growth shares under an EMI scheme. The shares will be created in the form of 3 separate classes of shares known as C, D and E shares (at the point of exercise). Growth shares will carry no voting rights.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	Average exercise price per share option £	Number of options	Average exercise price per share option £	Number of options
At 1 January	0.04	2,734,500	0.22	2,660,500
Granted	0.89	484,983	0.31	1,304,000
Expired	0.01	(75,000)	0.72	(1,230,000)
Exercised	-	-	-	-
At 31 December	0.17	3,144,483	0.04	2,734,500

Notes to the Financial Statements (continued)**7. Share-based payments (continued)**

Out of the 3,144,483 (2019: 2,734,500) outstanding options, no options (2019: no options) were exercisable as at 31 December 2020.

Share options outstanding at year end have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price £	Share options	
			2020 Number	2019 Number
23 December 2015	23 December 2025	0.5244	716,500	716,500
28 October 2016	28 October 2026	0.8532	115,000	115,000
22 December 2017	22 December 2027	0.913	427,500	427,500
22 December 2018	22 December 2028	1.282	171,500	171,500
22 November 2019	22 November 2029	1.810	1,304,000	1,304,000
23 December 2020	23 December 2030	2.25	192,339	-
23 December 2020	23 December 2030	0.0001	292,644	-
			3,144,483	2,734,500

8. Loss for the year before tax

The loss for the year has been stated after charging the following:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Amortisation of intangible assets	1,446,994	1,057,502
Depreciation of property, plant and equipment	644,393	566,966
Auditor's remuneration	43,105	29,650
Auditor's remuneration – non audit:		
- other assurance related services	7,100	20,897
- accounts preparation	3,410	4,520
- tax compliance	4,500	2,952
- other tax services	30,000	32,725

Notes to the Financial Statements (continued)

9. Taxation

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Current tax		
Current tax credit for the year	(573,023)	(670,441)
Tax credit on loss on ordinary activities	<u>(573,023)</u>	<u>(670,441)</u>

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% (2019: 19%) as follows:

Tax on loss on ordinary activities

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Loss on ordinary activities before tax	(2,852,031)	(3,876,262)
Tax on ordinary activities at standard rate of UK corporation tax of 19% (2019: 19%)	(541,886)	(736,490)
Effects of:		
- expenses not deductible for tax purposes	12,349	20,343
- income not taxable	(2,561)	(2,554)
- fixed assets differences	6,789	6,147
- other tax adjustments, reliefs and transfers	(360)	-
- adjustment to tax charge in respect of previous periods	2,238	7,655
- temporary differences not recognised in the computation	3,869	-
- surrender of tax losses for R&D tax credit refund	177,835	210,440
- additional deduction for R&D expenditure	(424,398)	(502,210)
- adjustments in respect of previous periods	(560)	(3,120)
- adjust closing deferred tax to average rate of 19%	-	136,564
- adjust opening deferred tax to average rate of 19%	-	(101,896)
- Remeasurement of deferred tax for changes in tax rate	(136,318)	-
- deferred tax not recognised	329,980	294,680
Total tax credit	<u>(573,023)</u>	<u>(670,441)</u>

10. Deferred tax

Deferred tax assets have not been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets as it is not deemed probable that these assets will meet the recognition criteria of IFRS 9, given the uncertainty of profits being made in the foreseeable future against which the tax losses could be utilised.

A deferred tax asset of £1,488,687 (2019: £1,160,792) would have been recognised at year end based on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Notes to the Financial Statements (continued)**11. Intangible assets**

Intangible assets at 31 December 2020 comprise:

	Software £
Cost	
At 1 January 2020	4,637,440
Additions	1,647,040
At 31 December 2020	<u>6,284,480</u>
Amortisation	
At 1 January 2020	1,679,871
Amortisation charged in the year	1,446,994
At 31 December 2020	<u>3,126,865</u>
Net book amount	
At 31 December 2020	<u>3,157,615</u>
<i>At 31 December 2019</i>	<u><i>2,957,569</i></u>

12. Property, plant and equipment

Property, plant and equipment at 31 December 2020 comprise:

	Computer equipment £	Fixtures & fittings £	Leasehold improvements £	Leasehold property £	Total £
Cost					
At 1 January 2020	244,523	297,924	143,216	1,526,158	2,211,821
Additions	33,788	108	-	-	33,896
Disposals	(4,294)	(6,780)	(9,623)	-	(20,697)
Lease re-measurement	-	-	-	976,625	976,625
At 31 December 2020	<u>274,017</u>	<u>291,252</u>	<u>133,593</u>	<u>2,502,783</u>	<u>3,201,645</u>
Depreciation					
At 1 January 2020	114,724	99,146	29,204	401,155	644,229
Charge for the year	64,169	98,371	26,409	455,444	644,691
On disposals	(3,710)	(1,513)	-	-	(5,223)
At 31 December 2020	<u>175,183</u>	<u>196,004</u>	<u>55,613</u>	<u>856,599</u>	<u>1,283,697</u>
Net book amount					
At 31 December 2020	<u>98,834</u>	<u>95,248</u>	<u>77,980</u>	<u>1,646,184</u>	<u>1,917,948</u>
<i>At 31 December 2019</i>	<u><i>129,799</i></u>	<u><i>198,777</i></u>	<u><i>114,012</i></u>	<u><i>1,125,003</i></u>	<u><i>1,567,592</i></u>

Notes to the Financial Statements (continued)

12. Property, plant and equipment (continued)

The Company extended the lease term on its office premises and accounted for this as a lease modification by re-measuring the lease asset and liability based on the revised terms.

Separately, the Company negotiated a rent-free period of £153,000 (included within "other income") which has been accounted for under the IFRS 16 practical expedient in respect of rent concessions recognised in the profit and loss account.

13. Investments

	31 December 2020 £	<i>31 December 2019 £</i>
Investments in subsidiary	<u>-</u>	<u>1,000</u>

14. Trade and other receivables

	31 December 2020 £	<i>31 December 2019 £</i>
Amounts due in less than one year:		
Trade receivables	175,605	137,896
Other receivables	49,679	93,060
Prepayments and accrued income	288,874	452,144
Corporation tax repayment	573,023	670,441
	<u>1,087,181</u>	<u>1,353,541</u>
Amounts due in more than one year:		
Other receivables	<u>321,312</u>	<u>321,312</u>

The directors do not consider any impairment provision is necessary against the above assets and consider that the carrying amount of the Company's receivables is a reasonable approximation of their fair value.

Notes to the Financial Statements (continued)**15. Cash and cash equivalents**

	31 December 2020 £	<i>31 December 2019 £</i>
Cash at bank and on hand	<u>1,013,494</u>	<u><i>1,235,732</i></u>

Client money

The Company holds money on behalf of some clients in accordance with the Client Money rules of the Financial Conduct Authority. Such monies and the corresponding amounts due to clients are not shown on the face of the Statement of Financial Position as the Company is not beneficially entitled thereto. Money held on behalf of clients at the end of the financial year amounted to £2,396,295 (2019: £6,102,638).

16. Share capital

	2020 Number	2020 £	<i>2019 Number</i>	<i>2019 £</i>
Ordinary shares of £0.0001 each				
Allotted and fully paid:				
At 31 December	<u>22,654,119</u>	<u>2,264</u>	<u><i>22,123,300</i></u>	<u><i>2,211</i></u>

17. Share premium

	2020 Number	2020 £	<i>2019 Number</i>	<i>2019 £</i>
Ordinary shares of £0.01 each				
Share premium:				
At 31 December	<u>22,654,119</u>	<u>16,444,098</u>	<u><i>22,123,300</i></u>	<u><i>15,280,562</i></u>

The Share premium account is used to record the aggregate amount or value of premiums paid above nominal value when the Company's shares are issued at a premium.

During the year, 517,151 shares were issued for consideration of £1,163,589. No transaction costs were incurred on the issue of these shares.

18. Deferred consideration reserve

	2020 £	<i>2019 £</i>
At 1 January	-	319,986
Shares issued	-	(305,797)
Amounts deposited	-	130,000
Amounts cancelled	-	(144,189)
At 31 December	<u>-</u>	<u><i>-</i></u>

This Deferred consideration reserve was used to record equity funding received in consideration for shares to be issued at a future date to one of the existing shareholders who is also a director of the Company.

Notes to the Financial Statements (continued)

18. Deferred consideration reserve (continued)

When shares are subsequently issued, a transfer is made to share capital and share premium reserves accordingly.

Amounts cancelled in the prior year relate to deferred consideration cancelled because the subscriber for the shares was allotted less shares than their full application.

19. Reserves

	31 December 2020 £	31 December 2019 £
Retained earnings		
Balance brought forward	(10,931,451)	(7,755,683)
Total comprehensive loss for the period	(2,279,008)	(3,205,821)
Forfeiture of warrants (see note 7)	-	59,917
IFRS 16 adjustment	-	(29,864)
Balance carried forward	<u>(13,210,459)</u>	<u>(10,931,451)</u>

Retained earnings are the accumulated, undistributed profits and losses of the Company that have been recognised through the Statement of Profit and Loss and Other Comprehensive Income.

20. Trade and other payables due in less than 1 year

	31 December 2020 £	31 December 2019 £
Trade payables	553,945	887,785
Other taxes and social security	988,627	169,290
Accruals and other payables	598,573	719,758
Finance lease liability	783,645	565,481
Other creditors	47,407	39,355
	<u>2,972,197</u>	<u>2,381,669</u>

All trade and other payables are denominated in UK Sterling.

The directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

21. Trade and other payables due in more than 1 year

	31 December 2020 £	31 December 2019 £
Bank loan	50,000	-
Finance lease liability	1,239,451	703,755
	<u>1,289,451</u>	<u>703,755</u>

Notes to the Financial Statements (continued)

22. Notes to the cash flow statement

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash used in operations:		
Operating loss for the year	(2,279,008)	(3,205,820)
Adjustments for:		
- Depreciation	644,393	554,696
- Amortisation	1,446,994	1,057,501
- Tax credit	(573,023)	(670,441)
Changes in working capital		
- Increase in trade and other receivables	168,943	(549,829)
- Increase/(decrease) in trade and other payables	319,368	1,294,924
Net cash used in operating activities	(272,333)	(1,518,976)

23. Related parties

Transactions with related parties during the year

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. In the opinion of the board, the Company's key management comprises the directors and information regarding their emoluments stated in accordance with IFRS is set out in Note 6a.

The Company received a payment of £nil (2019: £130,000) from a director in consideration for shares to be issued at a future date. The Company cancelled shares to be issued at a future date to a director amounting to £nil (2019: £144,189) and issued shares amounting to nil (2019: 305,797).

During the year, a related party by virtue of common directorship acted as a loan servicer for the Company. Fees charged for providing these services amounted to £453,484 (2019: £212,628). As at 31 December 2020, the Company owed amounts to the related party totalling £38,452 (2019: £23,231).

24. Financial instruments

The Company's financial instruments comprise cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations. The Company's operations expose it to a variety of financial risks including market, interest rate and liquidity risks. The management of these risks is vested in the board.

Market risk

The most significant areas of market risk to which the Company is exposed are changes in the residential housing market and private rental market.

Interest rate risk

The Company is exposed to interest rate risk to the extent that changes to interest rates could offer alternative options for lenders to deposit their funds therefore impacting funding for mortgage lending.

Liquidity risk

The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs. The Company deems there is sufficient liquidity for the foreseeable future. Trading assets and liabilities have not been analysed by contractual maturity because trading assets and liabilities are typically held for short periods of time.

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

The Company had cash and cash equivalents at 31 December 2020 as set out on the Statement of Financial Position.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide optimal returns for the shareholders. The Company defines capital as being share capital, deferred consideration reserve, share premium and retained earnings.

Capital amounts to £3,235,903 at 31 December 2020 (2019: £4,351,322).

The adequacy of the Company's financial resources position is managed and monitored in accordance with the FCA rules. The Company must at all times meet the relevant minimum financial resource requirements. The Company is required to maintain a prescribed excess of total financial resources over its financial resource requirements.

25. Ultimate controlling party

In the opinion of the directors there is no ultimate controlling party of Landbay Partners Limited. The day-to-day management of the Company is controlled by the board of directors.

26. Post statement of financial position event

The company completed a £3.2m equity raise post year end, as detailed in the Strategic Report.