

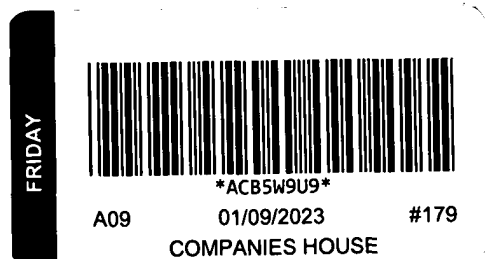
London House Exchange Limited

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 08820870



London House Exchange Limited

Company Information

Directors	W B Bath N Calamari K Ryan
Registered number	08820870
Registered office	55 Baker Street London W1U 7EU
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

London House Exchange Limited

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London House Exchange Limited

Strategic Report For the Year Ended 31 December 2022

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

Summary

In accordance with Section 414A(1) of the Companies Acts 2006, the directors have prepared a strategic report which includes a review of the business of London House Exchange Limited ("LHX").

Business review

The Company is a property crowdfunding platform and trading exchange. The Company brings accessibility, flexibility and simplicity to an industry that has traditionally had high barriers to entry. The Company allows its investor base to invest in property assets, earn rental income and use the trading exchange to trade their investments.

London House Exchange Limited ("LHX") is the largest company of its type in the UK, with approximately £129m in property investments under management. The Company was launched on 19 January 2015 and is now in its ninth year of trading.

LHX was acquired by Better Holdco Inc, a company incorporated in the United States of America ("Better") in September 2021.

Better is America's #1 online, commission-free home finance, insurance and realty company. In just six years since launch, Better has leveraged its commission-free service offering and Tinman™, its industry-leading technology platform, to fund more than \$100 billion in home financing. In addition to being the first fintech to reach this milestone, Better has completed over \$4.6 billion in real estate transaction volume through its realtor service Better Real Estate and agent network, as well as over \$38 billion in coverage written through its insurance arm, Better Cover and Settlement Services.

Better is committed to investing in, growing, and enhancing the LHX platform for the long-term, bringing the simplicity and ease of fractional property trading to more customers in the United Kingdom and globally.

The Company generates revenues primarily from (i) recurring monthly AUM fees, and (ii) one-off transaction fees. LHX provides transparent pricing which is clearly presented on its website.

Principal risks and uncertainties

The principal risks to the company include:

- *Regulatory risk:* the company is a regulated entity that operates in a nascent industry. Any change in regulation could have an adverse impact on the company. LHX is required to abide by the rules and requirements of the FCA, including the maintenance of sufficient regulatory capital.
- *Working capital risk:* the company must monitor working capital to ensure it is sufficient to meet operational needs for the development and growth of the company.
- *Competition risk:* there is continual interest from international and domestic businesses in the industry in which the company operates. LHX has successfully differentiated itself by offering a regulated secondary market which provides liquidity to investors, and a sophisticated technology enabled platform.
- *Fraud risk:* due to the nature of the business, the company is at risk from external fraud. Robust controls are maintained to mitigate risks such as customer identity verification and bank verification procedures.

London House Exchange Limited

Strategic Report (continued) For the Year Ended 31 December 2022

Principal risks and uncertainties (continued)

- *Reputational risk:* Were the brand to be affected in any way, through bad publicity or negative associations, this could impact customer confidence and damage business prospects.
- *Systems risk:* the operations of the company are highly dependent on technology. A failure of the company's core systems or customer interfaces could pose significant risk to the business. The company has controls in place to mitigate such risks, such as DDoS (Distributed Denial of Service) and data encryption.
- *Property market volatility:* changes in property values could directly impact the level of revenues and investor confidence.
- *Client investment sentiment:* changes in client demand and affordability could directly impact the level of revenues.

The company has a compliance manual and policies to reduce compliance risk and to ensure the company adheres to all regulatory requirements. This is the responsibility of the Compliance Officer who manages the process. The Board manages risk in relation to performance through regular meetings of the Board and review of monthly financial information.

Financial key performance indicators

The directors monitor (i) turnover, (ii) operating costs, (iii) net assets and (iv) cash at bank, on a monthly basis. For the year ending 31 December 2022 turnover was £0.6m, compared with £0.8m in 2021. Operating costs were £2.4m, compared with £2.0m in 2021. Net assets were £3.5m, compared with £1.1m in 2021 and cash at bank was £2.6m compared with £0.8m in 2021.

Other key performance indicators

The company's key performance indicators ('KPIs') are monitored by the directors on a regular basis including: (i) total funds invested through the platform, (ii) number of investors, (iii) average investment per investor, (iv) property assets under management and (v) secondary market trading volumes and prices.

At 31 December 2022, total funds invested through the platform were £140m (2021 - £135m), of which £77m (2021 - £77m) was investment through new property listings. £55m (2021 - £49m) was invested through the secondary market and £8m (2021 - £8m) was invested in debt bonds. The total number of investors were 9,209 (2021 - 9,376) and average investment per investor was £9,281 (2021 - £9,116).

Property assets under management were approximately £129m (2021 - £130m).

Secondary market trading for the year ending 31 December 2022 was £3.9m, compared with £4.0m in 2021.

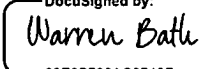
London House Exchange Limited

Strategic Report (continued) For the Year Ended 31 December 2022

Employees

London House Exchange Limited is committed to equal opportunities in the workplace. The company identifies skills that are required to perform the business operations and this influences its hiring strategy. The performance of the company is communicated to staff on a regular basis.

This report was approved by the board on 28 April 2023 and signed on its behalf.

DocuSigned by:

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W B Bath
Director

London House Exchange Limited

Directors' Report For the Year Ended 31 December 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

Principal activity

London House Exchange Limited is a property crowdfunding platform and trading exchange. The principal activity of London House Exchange Limited is to provide retail and professional investors access to property investments, and to provide investment liquidity through a trading platform.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

W B Bath
N Calamari
K Ryan
P Battaglini (Resigned 23 September 2022)

Political contributions

The directors did not make any political donations.

Going concern

The net loss of the business increased in 2022. This was due to a reduction in income (following a strategic decision to reduce fees for clients), and an increase in operating costs (in order to create the right foundation as the company looks towards long term growth).

The Directors have prepared revised business plans and cash flow forecasts for the next three years, considering sensitivities in relation to both timing and quantum of income and costs.

Subsequent to the year end, the company has issued further shares to the parent company for £1m to provide additional working capital. The company has sufficient financial resources available to meet its operational needs, liabilities, regulatory requirements, and commitments over the coming 12 months for a period of 12 months from the approval of these financial statements.

Accordingly, the directors believe it to be appropriate to continue to prepare these financial statements on a going concern basis.

London House Exchange Limited

Directors' Report (continued) For the Year Ended 31 December 2022

Auditor

At the date of this report, the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

In preparing this directors' report, advantage has been taken of the small companies exemption. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

This report was approved by the board on 28 April 2023 and signed on its behalf.

DocuSigned by:

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W B Bath
Director

London House Exchange Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2022

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting 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.

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited For the Year Ended 31 December 2022

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of London House Exchange Limited (the "company") for the year ended 31 December 2022 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows, and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited (continued) For the Year Ended 31 December 2022

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

Other Companies Act 2006 reporting

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.

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

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

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.

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited (continued) For the Year Ended 31 December 2022

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards, the UK Companies Act 2006, relevant Financial Conduct Authority's ("FCA") rules and regulations, and tax legislation (as governed by HM Revenue and Customs);
- Understanding how the company is complying with those frameworks by making enquiries of senior management. We also reviewed significant correspondence between the company and regulatory bodies, reviewed minutes of the Board and gained an understanding of the company's approach to governance;
- Consideration of management's controls designed to prevent and detect irregularities;
- Review of the financial statement disclosures to underlying supporting documentation; and
- Identifying and testing journal entries, in particular journal entries posted with unusual account code combinations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

London House Exchange Limited

Independent Auditor's Report to the Members of London House Exchange Limited (continued) For the Year Ended 31 December 2022

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.

DocuSigned by:

Alexander Tapp

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Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 02 May 2023

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

London House Exchange Limited

Profit and loss account For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	590,306	759,099
Administrative expenses		(2,216,137)	(1,954,034)
Other operating income	5	-	2,995
Operating loss	6	(1,625,831)	(1,191,940)
Interest receivable and similar income		1,360	73
Loss on ordinary activities before taxation		(1,624,471)	(1,191,867)
Taxation on loss on ordinary activities	8	-	-
Loss for the financial year		(1,624,471)	(1,191,867)

All amounts relate to continuing operations.

There are no items of other comprehensive income for either the year or the prior year other than the loss for the year. Accordingly, no statement of other comprehensive income has been presented.

The notes on pages 15 to 21 form part of these financial statements.

London House Exchange Limited
Registered number: 08820870

Balance Sheet
As at 31 December 2022

	Note	2022 £	2022 £	2021 £	2021 £
Current assets					
Debtors: amounts falling due within one year	9	1,036,675		509,738	
Cash at bank and in hand		2,639,931		836,166	
		<u>3,676,606</u>		<u>1,345,904</u>	
Creditors: amounts falling due within one year	10	(199,198)		(243,921)	
Net current assets			3,477,408		1,101,983
Net assets			3,477,408		1,101,983
Capital and reserves					
Called up share capital	11		412		410
Share premium account	12		31,576,422		27,576,528
Profit and loss account	12		(28,099,426)		(26,474,955)
Total equity			3,477,408		1,101,983

These 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

DocuSigned by:
Warren Bath
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WB Bath
Director

The notes on pages 15 to 21 form part of these financial statements.

London House Exchange Limited

Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	410	27,576,528	(26,474,955)	1,101,983
Comprehensive loss for the year				
Loss for the year	-	-	(1,624,471)	(1,624,471)
Total comprehensive loss for the year				
Shares issued during the year	2	3,999,894	-	3,999,896
At 31 December 2022	412	31,576,422	(28,099,426)	3,477,408

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	410	27,376,411	(25,283,088)	2,093,733
Comprehensive loss for the year				
Loss for the year	-	-	(1,191,867)	(1,191,867)
Total comprehensive loss for the year				
Capital contribution received	-	200,117	-	200,117
At 31 December 2021	410	27,576,528	(26,474,955)	1,101,983

The notes on pages 15 to 21 form part of these financial statements.

London House Exchange Limited

Statement of Cash Flows For the Year Ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(1,624,471)	(1,191,867)
Adjustments for:		
Interest received	(1,360)	(73)
(Increase)/decrease in debtors	(526,937)	364,211
Corporation tax received	-	183,493
(Decrease)/increase in creditors	(44,723)	26,195
Net cash used in operating activities	(2,197,491)	(618,041)
Cash flows from investing activities		
Interest received	1,360	73
Net cash generated from investing activities	1,360	73
Cash flows from financing activities		
Proceeds on disposal of investments	-	32,369
Shares issued (inclusive of premium)	3,999,896	-
Capital contribution received	-	200,011
Net cash generated from financing activities	3,999,896	232,380
Net increase/(decrease) in cash and cash equivalents	1,803,765	(385,588)
Cash and cash equivalents at beginning of year	836,166	1,221,754
Cash and cash equivalents at the end of year	2,639,931	836,166
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,639,931	836,166

The notes on pages 15 to 21 form part of these financial statements.

London House Exchange Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

1. General information

London House Exchange Limited is a private company limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The net loss of the business increased in 2022. This was due to a reduction in income (following a strategic decision to reduce fees for clients), and an increase in operating costs (in order to create the right foundation as the company looks towards long term growth).

The Directors have prepared revised business plans and cash flow forecasts for the next three years, considering sensitivities in relation to both timing and quantum of income and costs.

Subsequent to the year end, the company has issued further shares to the parent company for £1m to provide additional working capital. The company has sufficient financial resources available to meet its operational needs, liabilities, regulatory requirements, and commitments over the coming 12 months for a period of 12 months from the approval of these financial statements.

Accordingly, the directors believe it to be appropriate to continue to prepare these financial statements on a going concern basis.

London House Exchange Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue recognition

The company had the following revenue sources:

- Monthly AUM fees of 0.7% per annum, charged to the properties.
- Resale market fees of 1%, paid by investors for arranging the issue and/or placement of securities on the secondary market.

Asset under management fees are accounted for on an accruals basis. Revenues earned in respect of property and debt transactions are recognised on the completion of the relevant transaction.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

London House Exchange Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.8 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.

2.9 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. Cash held on term deposits greater than 3 months are classified as debtors.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

London House Exchange Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

2. Accounting policies (continued)

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably; or
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

London House Exchange Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

4. Turnover

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

	2022 £	2021 £
Resale market revenue	42,780	45,989
AUM fee	424,648	623,267
Other revenue	122,878	89,843
	<u>590,306</u>	<u>759,099</u>

5. Other operating income

	2022 £	2021 £
Other operating income	-	2,995
	<u>-</u>	<u>2,995</u>

6. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Operating lease expenditure	96,963	11,250
Fees payable to the company's auditor for the audit of the company's annual financial statements	34,000	30,000
Fees payable to the company's auditor for the regulatory audit	-	20,000
Fees payable to the company's auditor for the tax compliance services	3,588	3,500
Fees payable to the company's auditor for secretarial services	683	431
	<u>135,234</u>	<u>65,181</u>

7. Employees

The average number of monthly employees, including directors during the year was 11 (2021 – 7).

London House Exchange Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

8. Taxation

	2022 £	2021 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-

As the company is loss making and with no other tax adjustments, the reconciliation of tax at standard rates has not been prepared.

The best estimate of the company's unrelieved UK tax losses is £23,910,468 (2021 - £22,285,997), which can be recovered against UK tax profits in the future. A deferred tax asset has not been recognised as it is uncertain that the company will generate suitable tax profits in the near future.

9. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	56,580	-
Other debtors	480,095	500,483
Bank term deposits (greater than 3 months)	500,000	-
Prepayments and accrued income	-	9,255
	1,036,675	509,738

10. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	9,000	6,000
Other taxation and social security	97,853	53,510
Accruals and deferred income	92,345	184,411
	199,198	243,921

London House Exchange Limited

Notes to the Financial Statements For the Year Ended 31 December 2022

11. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4,115,466 (2021 - 4,095,465) Ordinary shares of £0.0001 each	<u>412</u>	<u>410</u>

The holders of Ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company.

12. Reserves

Called up share capital

Called up share capital reserve represents the nominal value of shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

13. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	<u>170,188</u>	<u>91,500</u>

14. Controlling party

The immediate parent company is LHE Holdings Limited, a company incorporated and registered in Jersey. The company's ultimate parent company is Better Holdco, Inc., a company incorporated and registered in the United States. The largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is the group headed by Better Holdco, Inc.

15. Post balance sheet events

A working capital injection of £1m was made by the parent company on 27th April to LHX in exchange for additional shares in the company.