LendInvest Finance No.6 Limited

Annual report and financial statements for the period from 24 January 2018 to 31 March 2019

Registration number: 11167041

LendInvest Finance No.6 Limited

Contents

LendInvest Finance No.6 Limited

Company information

Directors	Ian Thomas Christian Faes
Registered office	Two Fitzroy Place 8 Mortimer Street London England W1T 3JJ
Auditor	BDO LLP
Bankers	Barclays Bank PLC

LendInvest Finance No.6 Limited

Directors' report
For the period from 24 January 2018 to 31 March 2019

The directors present their annual report together with the audited financial statements of LendInvest Finance No.6 Limited (the "Company") for the period from 24 January 2018 to 31 March 2019. The directors have taken advantage of the small companies' exemption under Section 414B of the Companies Act 2006 in preparing a strategic report.

Incorporation

The Company was incorporated and commenced trading on 24 January 2018.

Principal activity

The principal activity of the Company is to provide secured lending to third party borrowers. Revenue for the current financial period is £2.5m.

Fair review of the business

The results for the financial period ended 31 March 2019 are set out on page 8 to 10. The Company paid no dividends during the period and the directors do not recommend a final dividend.

Going concern

The directors believe and have reasonable expectations that the Company has adequate resources, both financial and non-financial, to continue its operational activities for the foreseeable future. Therefore the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors of the Company who were in office during the period and up to the date of signing of the financial statements, were as follows:

Ian Thomas

Christian Faes

Directors' indemnities

The Company maintains liability insurance for its directors and officers. The Company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006.

Political donations

No political donations were made during the period.

Events after the reporting date

In May 2019, the Company sold, at par, £15m of bonds issued by LendInvest Secured Income PLC.

Directors' report (continued)
For the period from 24 January 2018 to 31 March 2019

Disclosure of information to auditor

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

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 23 October 2019 and signed on its behalf by:

I. T

....

Ian Thomas
Director

LendInvest Finance No.6 Limited

Directors' responsibilities statement
For the period from 24 January 2018 to 31 March 2019

The directors are responsible for preparing 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) including Financial Reporting Standards (FRS) 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements.

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 LendInvest Finance No.6 Limited

Opinion
We have audited the financial statements of LendInvest Finance No.6 Limited ("the Company") for the year ended 31 March 2019 which comprise the statement of profit and loss, the statement of financial position, the statement of changes in equity, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditor's report to the members of LendInvest Finance No.6 Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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 take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

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.

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.

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

Independent auditor's report to the members of LendInvest Finance No.6 Limited (continued)

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.

BDO LLP

....

Ariel Grosberg (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

23 October 2019

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

LendInvest Finance No.6 Limited

Statement of profit and loss
For the period from 24 January 2018 to 31 March 2019

	Note	24 January 2018 to 31 March 2019 £'000
Revenue	7	2,451
Cost of sales		(2,410)
Gross profit		41
Administrative expenses		(40)
Profit before taxation		1
Tax on profit	9	-
Profit for the financial period		1

The above results were derived from continuing operations.

There are no items of comprehensive income other than the profit for the period and therefore, no separate statement of comprehensive income is presented.

The notes on pages 11 to 23 form an integral part of these financial statements.

LendInvest Finance No.6 Limited

Statement of financial position
As at 31 March 2019

	Note	2019 £'000
Non-current assets		
Investments	10	30,000
Current assets		
Trade and other receivables	11	22,421
Cash and cash equivalents		28
		22,449
Total assets		52,449
Current liabilities		
Trade and other payables	12	(30,620)
Non-current liabilities		
Interest bearing liabilities	13	(21,828)
Total liabilities		(52,448)
Net assets		1
Equity		
Share capital	14	-
Retained earnings	14	1
Total equity		1

The notes on pages 11 to 23 form an integral part of these financial statements.

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements of LendInvest Finance No.6 Limited (registration number: 11167041) were approved by the Board of Directors and authorised for issue on 23 October 2019.

They were signed on its behalf by:

I. T

....

Ian Thomas

Director

LendInvest Finance No.6 Limited

Statement of changes in equity
For the period from 24 January 2018 to 31 March 2019

	Share capital £'000	Retained earnings £'000	Total £'000
At incorporation 24 January 2018	-	-	-
Profit for the period	-	1	1
Total comprehensive income	-	1	1
Balance at 31 March 2019	-	1	1

The notes on pages 11 to 23 form an integral part of these financial statements.

1 General information

LendInvest Finance No.6 Limited (the "Company") is a private company limited by share capital which was incorporated on 24 January 2018 in England and Wales and domiciled in United Kingdom under the Companies Act 2006. The address of its registered office is given on page 1.

The principal activity of the Company is to provide secured lending to third party borrowers. Revenue for the current financial period is £2.5m.

2 Adoption of new and revised standards

Application of new and revised International Financial Reporting Standards

The following adopted International Financial Reporting Standards ('IFRS') have been issued and applied by the Company in these financial statements.

IFRS 9 Financial Instruments (effective date 1 January 2018 other than hedge accounting provisions, effective 1 January 2019):

(i) *IFRS 9 Financial Instruments*

The standard replaces IAS 39 Financial Instrument: Recognition and Measurement. It introduces new requirements for classifying and measuring financial instruments and a new impairment model for financial assets.

The details of the new significant accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the following IAS 39 categories for financial assets: held to maturity, loans and receivables, and available for sale. Under IFRS 9, a financial asset is measured on initial recognition at amortised cost or fair value through the income statement.

The following accounting policies apply to the application of subsequent measurements of financial assets:

Financial assets in the case of fair value via the income statement

These assets are valued at their fair value. Net profits and losses, including any interest or dividend income, are recognised in the income statement.

Financial assets at amortised cost

These assets are valued at amortised cost using the effective interest method. Impairment losses are deducted from the amortised cost. Interest income, exchange rate gains and losses, and impairments are recognised in the income statement. Any profit or loss as a result of the removal from the balance sheet is recognised in the income statement.

2 Adoption of new and revised standards (continued)

Application of new and revised International Financial Reporting Standards (continued)

Impairment of financial assets:

IFRS 9 replaces the incurred credit loss model in IAS 39 with an expected credit loss model. The new impairment model applies to financial assets valued at amortised cost, contract assets, and investments in debt investments when the fair value is recognised via the comprehensive income, but not to investments in equity instruments. Credit losses are recognised at an earlier stage in IFRS 9 than in IAS 39. This change has not led to an adjustment to the amounts recognised in the Company's financial statements.

(ii) *IFRS 15 'Revenue from Contracts with Customers'*

The core principle of IFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the Company expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods starting on or after 1 January 2018. Management have assessed the impact of application on the Company's financial statements which has resulted in no change to the timing of when the Company recognises revenue or when revenue should be recognised gross as principal or net as an agent. Therefore, there are no material changes to the accounting policies or financial statements of the Company.

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2019, have had no material impact on the Company.

Summary of significant accounting policies

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

3 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101. 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

The Company is a wholly owned subsidiary of LendInvest Limited and is included in its consolidated financial statements which are publicly available, this is disclosed in note 16. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

3 Accounting policies (continued)

New standards not yet effective

The following amendments to existing standards have been published. They are mandatory from the financial period beginning on or after the effective dates shown but are not currently relevant to the Company (although they may affect the accounting for future transactions and events).

The Company's assessment of the impact of these new standards and interpretations is set out below:

IFRS 16 - Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and supplier ('lessor'). It is effective for accounting periods beginning on or after 1 January 2019.

All leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing.

Foreign currencies

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

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Summary of disclosure exemptions

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- the requirements of IFRS 7, Financial Instruments: Disclosures;
- the requirements of IFRS 15, Revenue from Contract with Customers;
- a statement of cash flows and related notes;
- non-current assets held for sale and discontinued operation net cash flow disclosure;
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered in to between two or more members of the Company as they are wholly owned within the Company;

3 Accounting policies (continued)

Summary of disclosure exemptions (continued)

- presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- the effect of future accounting standards not adopted; and
- fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value).

Where relevant, equivalent disclosures have been given in the group financial statements of LendInvest Limited. The Group's financial statements are available to the public and can be obtained as set out in note 16.

The principal accounting policies adopted are set out below.

Equity and reserves

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

Revenue recognition

Revenue represents interest and other income from borrowers and for the provision of finance. Revenue recognised on loans held by related and third parties is recognised as follows:

Recognised under IFRS 9:

- Interest on loans and advances made by the Company are recognised in the statement of profit and loss using the effective interest rate method.
- Origination fee income represents arrangement, valuation, introduction, and other broker fees earned from borrowers which are amortised over the life of the loan or recognised immediately upon sale of the loan.

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

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

The Company considers its provisioning policy in accordance with IFRS 9 - Financial instruments.

Cost of sales

(i) Cost of sales represents interest expense on interest bearing liabilities which are accounted for under IAS 39 on an effective interest rate (EIR) basis, inclusive of directly attributable incremental transaction costs and fees including structuring fees, uncommitted fees, and set up costs (legal fees).

(ii) Cost of sales represents interest expense on interest bearing liabilities which are accounted for under IFRS 9 on an effective interest rate (EIR) basis, inclusive of directly attributable incremental transaction costs and fees including structuring fees, uncommitted fees, and set up costs (legal fees).

Administrative expenses

Administrative expenses are recognised in the Statement of profit and loss in the period in which they are incurred (on an accruals basis).

3 Accounting policies (continued)

Current and deferred tax

The tax expense for the period comprises current tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 balance sheet date.

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

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

The Company adopted IFRS 9 from 24 January 2018 in relation to the treatment of financial instruments.

(i) Classification and measurement

In accordance with IFRS 9, the Company has classified its financial assets with reference to both the Company's business model for managing the assets and the contractual cash flow characteristics of the assets. The Company's financial assets have been classified into the following categories:

At amortised cost, these are assets for which the business model is to hold the asset and collect the contractual cash flows, and those cash flows are solely payments of principal and interest. This means that cash flows typically occur on pre-determined dates and that interest primarily reflects the time value of money, compensation for credit risk and a profit margin.

The Company has classified the following assets as 'at amortised cost': cash in hand and balances, and trade and other receivables. Assets held at amortised cost are initially recorded at fair value (usually transaction price) plus any directly attributable costs. They are subsequently measured using the effective interest rate method.

3 Accounting policies (continued)

Financial instruments (continued)

At fair value through other comprehensive income (FVOCI), these are categories of assets for which the business model is to hold the asset and collect the contractual cash flows or to sell the assets. The contractual cash flows must be solely payments of principal and interest. The Company holds loans and advances that are considered to meet the definition of the hold or sell business model. They are therefore classified as 'at FVOCI'. These assets are initially recognised at fair value plus any attributable costs. Subsequent changes in fair value are recognised in equity, except for impairment provisions which are recognised in the statement of profit and loss.

(ii) Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has substantially transferred all risks and rewards of ownership. If substantially all risks and rewards have been neither retained nor transferred the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

Investments

Investments in corporate bonds are recorded at principal value upon initial recognition. These bonds are interest bearing with payments being made semi-annually.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

4 Financial risk management

The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the business's competitiveness and flexibility.

4 Financial risk management (continued)

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk:

Credit risk management
Credit risk is the risk that the Company's loans and advances are subject to borrower default. It arises principally from the Company's receivables from customers and cash and cash equivalents held at banks. The Company's maximum exposure to credit risk by class of financial asset is as follows:

	31 March 2019
Assets	**£'000**
Cash and cash equivalents	28
Trade and other receivables	22,421
	22,449

Credit risk management lies at the core of the business and with the implementation of IFRS 9, the Company has continued to develop its strong credit risk management framework which includes:

- a clearly defined credit risk policy;
- the continued recruitment of specialist skills in credit underwriting;
- a Credit Committee which meets monthly; and
- an Impairment & Modelling Committee - specifically formed for the governance of IFRS 9 - which meets quarterly.

The fair value of cash and cash equivalents at 31 March 2019 approximates the carrying value. Credit risk relating to cash and cash equivalents is mitigated as cash and cash equivalents are held with reputable institutions.

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

Liquidity risk management
There is a risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position. The Company's liquidity position is monitored and reviewed on an ongoing basis by the directors and management.

4 Financial risk management (continued)

The tables below analyse the Company's contractual undiscounted cash flows of its financial assets and liabilities:

	Carrying amount	Gross nominal inflow/ (outflow)	Amount due within one year	Amount due post one year
As at 31 March 2019	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets				
Cash and cash equivalents	28	28	28	-
Trade and other receivables	22,421	22,421	1,092	21,329
Financial liabilities				
Trade and other payables	30,620	30,620	30,620	-
Interest bearing liabilities	21,828	21,828	1,637	20,191

Interest rate risk management

This is a risk to earnings or capital arising from the adverse movements of interest rates. The Company monitors exposure to repricing risk through an interest rate gap report and attempts to match the repricing characteristics of its assets with its liabilities naturally where it can.

Capital management

The Company considers its capital to comprise of its equity share capital plus retained profits. The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to bondholders and shareholders. The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

5 Critical judgements in applying the Company's accounting policies

The preparation of financial statements in accordance with FRS 101 requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. In the view of the directors, there are no significant judgements or estimates other than the accounting policies of the business.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

5 Critical judgements in applying the Company's accounting policies (continued)

Loan provisioning

The Company provides for the expected credit losses in accordance with IFRS 9.

Fair value measurement

A number of assets and liabilities included in the Company's financial statements require disclosure of fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy').

Level 1: Quoted prices in active markets for identical items.

Level 2: Observable direct or indirect inputs other than Level 1 inputs.

Level 3: Unobservable inputs (i.e. not derived from market data and require a level of estimates and judgements within the model).

6 Staff costs

The Company had no employees during the period.

7 Revenue

Total revenue, analysed by category, is as follows:

	24 January 2018 to 31 March 2019 £'000
Interest income	2,451

Revenue has been derived from the principal activities wholly undertaken in the United Kingdom.

8 Auditor's remuneration

	24 January 2018 to 31 March 2019 £'000
Audit of the financial statements	5

All fees payable to the Company's auditor for audit services of £5,000 in the current period are borne by LendInvest Limited and disclosed in note 7 of the financial statements of the LendInvest Limited Group.

9 Tax on profit

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK of 19%.

The charge for the period can be reconciled to the profit in the profit and loss account as follows:

	24 January 2018 to 31 March 2019 £'000
Profit before tax	1
Corporation tax at standard rate	-
Tax expense for the period	-

Factors that may affect future tax charges
The UK corporation tax rate reduced from 21% to 20% from 1 April 2015. Finance (No. 2) Act 2015 provided for further reductions to the UK corporation tax rate to 19% and 18% effective from 1 April 2017 and 1 April 2020 respectively. In the Finance bill 2016, the Chancellor of the Exchequer announced an additional 1% reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020. The Finance Bill 2016 had been substantively enacted at the balance sheet date.

10 Investments

	Current 31 March 2019 £'000	Non-current 31 March 2019 £'000
Investments in debt instruments classified as at FVTOCI		
Corporate bonds	-	30,000
Loss allowance	-	-
Total Investments	-	30,000

On 29 October 2018, the Company was issued £30m by principal value of listed bonds by LendInvest Secured Income Plc, a fellow group company. As no consideration was transferred for these bonds, an intercompany payable of equal value sits on the Company's balance sheet.

£10m of the bonds held were originally listed on the London Stock Exchange's Order Book for Retail Bonds ("ORB") market on 29 October 2018, with a fixed interest rate of 5.25%, paid semi-annually and maturing five years from the date of issue.

£20m of the bonds held were originally listed on the ORB on 29 October 2018, with a fixed interest rate of 5.375%, paid semi-annually and maturing five and a half years from the date of issue.

Notes to the financial statements (continued)
For the period from 24 January 2018 to 31 March 2019

11 Trade and other receivables

	31 March 2019 £'000
Accrued income	610
Amounts owed by group undertakings	482
	1,092

	31 March 2019 £'000
Amounts falling due after more than one year:	
Amounts owed by group undertakings	21,329
Total debtors	22,421

The amounts owed by group undertakings are unsecured, interest free and payable on demand.

12 Trade and other payables

	31 March 2019 £'000
Trade and other payables	10
Accrued expenses	610
Amounts due to related parties	30,000
	30,620

£30m of bonds by principal value were issued by LendInvest Secured Income PLC to LendInvest Finance No.6 Limited on 29 October 2018, a fellow group company.

An intercompany payable of equal value currently sits on the Company's balance sheet, as the Company has not paid any consideration for these bonds.

13 Interest bearing liabilities

	31 March 2019 £'000
Interest bearing liabilities due after one year but less than five years	22,031
Funding line costs	(203)
	21,828

13 Interest bearing liabilities (continued)

Net debt represents interest bearing liabilities (as above), less cash at bank and in hand (excluding cash held for clients), and excluding unamortised debt issue costs but including accrued interest relating to the Company's third-party indebtedness. A reconciliation of net debt is:

	31 March 2019
	£'000
Interest bearing liabilities	21,828
Deduct: cash as reported in financial statements	(28)
Net debt: borrowings less cash	21,800
Add back: unamortised funding line costs	203
Add: accrued interest expense	610
Net debt	22,613

14 Share capital

Allotted, called up and fully paid shares

	31 March 2019 No.	31 March 2019 £
Issued ordinary shares of £1 each	1	1

The Company has one class of ordinary shares which carry no right to fixed income.

Capital management

The Company considers its capital to comprise of its equity share capital plus its accumulated retained profits.

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company's other reserves are as follows:

Retained earnings:
The retained earnings reserves represents cumulative profits or losses, net of dividends and other adjustments.

15 Related party disclosures

Transactions with Companies

As permitted by FRS 101 related party transactions with wholly owned members of the LendInvest Limited Group have not been disclosed.

16 Controlling party

The Company is a wholly owned subsidiary of LendInvest Loan Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The directors regard LendInvest Limited as the immediate parent company. The directors do not believe there to be an ultimate controlling party of the Group.

The largest and smallest set of financial statements into which these financial statements are consolidated are those of LendInvest Limited. Copies of the financial statements can be obtained from 8 Mortimer Street, London, England, W1T 3JJ.

17 Events after the reporting date

In May 2019, the Company sold, at par, £15m of bonds issued by LendInvest Secured Income PLC.