LendInvest Bridge Limited

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

Registration number: 11651573

LendInvest Bridge Limited

Contents

LendInvest Bridge Limited

Company information

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

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

The directors present their annual report together with the audited financial statements of LendInvest Bridge Limited (the "Company"), for the period from 31 October 2018 to 31 March 2019. The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption in accordance with Section 414B of the Companies Act 2006; accordingly no Strategic report is presented.

Incorporation

The Company was incorporated on 31 October 2018.

Principal activity

The principal activity of the Company is to originate bridging loans and facilitate lending to third party borrowers before transferring to other entities in the LendInvest Group or third parties.

The Company primarily sells the beneficial interest in bridging loans to Titan No.1 Ltd (the 'SPV'). These loans fail the derecognition criteria of IAS 39 Financial Instruments: Recognition and Measurement because the Company retains all the risks and rewards of ownership whereby being entitled to any residual cash flows after payment of all other expenses as per priority of payments referenced in the security trustee deed and cash management agreement. Accordingly, the beneficial interest in the bridging loans sold to the SPV is recognised as a deemed loan (asset) in the SPV financial statements and the mortgage loans remain on the balance sheet of the Company.

Fair review of the business

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

Going concern

The Company made a loss before tax of £49k for the period since it was incorporated on 31 October 2018. The loss was primarily a result of cash drag whereby the origination capital provided by the ultimate parent LendInvest Limited was not fully utilised in the initial months to March 2019. The interest expense on this origination capital was therefore in excess of the interest received from borrowers on loans held by the entity for the period. On the basis of their assessment of the Company's financial position and that of its ultimate parent LendInvest Limited, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. As a consequence of the above, the directors believe that the entity will be able to continue as a going concern, and, accordingly, the financial statements have been prepared on a going concern basis.

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 (appointed 31 October 2018)

Christian Faes (appointed 31 October 2018)

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.

Directors' report (continued)
For the period from 31 October 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 and have been appointed as auditors, and appropriate arrangements have been put in place for them to be deemed appointed as auditors in the absence of an Annual General Meeting.

Political donations

No political donations were made during the year.

Principal risks and uncertainties

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.

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and interest rate 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**
Gross loans and advances	36,180
Cash and cash equivalents	1,695
	37,875

Principal risks and uncertainties (continued)

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
- An Impairment & Modelling Committee - specifically formed for the governance of IFRS 9 - which meets quarterly

Liquidity risk management

Liquidity risk is the 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.

The tables below analyses 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	1,695	1,695	1,695	-
Trade and other receivables	119	119	119	-
Net loans and advances	36,180	38,177	38,177	-
Financial liabilities				
Trade and other payables	(5,769)	(5,769)	(5,769)	-
Interest bearing liabilities	(32,315)	(33,700)	(10,234)	(23,466)

Interest rate risk management

There 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.

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

Principal risks and uncertainties (continued)

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.

Key performance indicators

The Company uses key performance indicators to track progress against its plans. The performance of the main indicators in this reporting period were:

	31 March 2019
Loss before tax (£k)	(49,453)

Events after the reporting date

There were no significant events after the balance sheet date.

Approved by the Board on 18 December 2019 and signed on its behalf by:

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Ian Thomas

Director

LendInvest Bridge Limited

Directors' responsibilities statement

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 Bridge Limited

Opinion

We have audited the financial statements of LendInvest Bridge Limited ("the Company") for the 5 month period ended 31 March 2019 which comprise the statement of profit and loss, the statement of other comprehensive income, 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 loss 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.

Independent auditor's report to the members of Lendlnvest Bridge Limited (continued)

Other information (continued)

We have nothing to report in this regard.

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 period 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 Bridge 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

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

Date: 19 December 2019

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

LendInvest Bridge Limited

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

	Note	31 October 2018 to 31 March 2019 £'000
Revenue	7	132
Cost of sales		(154)
Gross loss		(22)
Administrative expenses		(27)
Operating loss		(49)
Loss before taxation		(49)
Tax on loss	11	8
Loss for the financial period		(41)

The above results were derived from continuing operations.

The notes on pages 14 to 34 form an integral part of these financial statements.

LendInvest Bridge Limited

Statement of other comprehensive income
For the period from 31 October 2018 to 31 March 2019

	Note	31 October 2018 to 31 March 2019 £'000
Loss for the period		(41)
Fair value loss on loans and advances measured at fair value through other comprehensive expense		(41)
Deferred tax credit	11	7
		(34)
Total comprehensive expense for the period		(75)

The notes on pages 14 to 34 form an integral part of these financial statements.

LendInvest Bridge Limited

Statement of financial position
As at 31 March 2019

	Note	2019 £'000
Non-current assets		
Loans and advances	12	36,180
Deferred tax assets		15
		36,195
Current assets		
Trade and other receivables	13	119
Cash and cash equivalents		1,695
Total assets		38,009
Current liabilities		
Trade and other payables	14	(5,769)
Non-current liabilities		
Interest bearing liabilities	16	(32,315)
Total liabilities		(38,084)
Net liabilities		(75)
Equity		
Share capital	18	-
Fair value reserve	18	(34)
Retained earnings	18	(41)
Total equity		(75)

The notes on pages 14 to 34 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 Bridge Limited (registration number: 11651573) were approved by the Board of directors and authorised for issue on 18 December 2019

They were signed on its behalf by:

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Ian Thomas

Director

LendInvest Bridge Limited

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

	Share capital £'000	Fair value reserve £'000	Retained earnings £'000	Total £'000
At incorporation 31 October 2018	-	-	-	-
Loss for the period	-	-	(41)	(41)
Other comprehensive income	-	(34)	-	(34)
Total comprehensive expense	-	(34)	(41)	(75)
Issue of shares	-	-	-	-
Balance at 31 March 2019	-	(34)	(41)	(75)

The notes on pages 14 to 34 form an integral part of these financial statements.

1 General information

LendInvest Bridge Limited (the "Company") is a private company limited by share capital which was incorporated on 31 October 2018 in England and Wales and domiciled in the 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 originate bridging loans and facilitate lending to third party borrowers before transferring to other entities in the LendInvest Group or third parties.

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.

(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 or 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. This change has not led to an adjustment to the amounts recognised in the Company's financial statements as this is the first year reporting.

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 the 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 that are disclosed in note 4.5.

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 20. 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)

Going concern

The Company made a loss before tax of £49k for the period since it was incorporated on 31 October 2018. The loss was primarily a result of cash drag whereby the origination capital provided by the ultimate parent LendInvest Limited was not fully utilised in the initial months to March 2019. The interest expense on this origination capital was therefore in excess of the interest received from borrowers on loans held by the entity for the period. On the basis of their assessment of the Company's financial position and that of its ultimate parent LendInvest Limited, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. As a consequence of the above, the directors believe that the entity will be able to continue as a going concern, and, accordingly, the financial statements have been prepared on a going concern basis.

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:

- 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; and
- disclosure of key management personnel compensation.

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 20.

The principal accounting policies adopted are set out below.

Cash

Cash comprises cash on hand and demand deposits which is presented as cash at bank and in hand in the statement of financial position.

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:

3 *Accounting policies (continued)*

Revenue recognition (continued)

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

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).

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.

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.

3 Accounting policies (continued)

Financial instruments

The Company adopted IFRS 9 from 31 October 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.

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.

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.

3 Accounting policies (continued)

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.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Loans and advances

Loans and advances are written off (either partially or in full) when the prospect of recovery is limited or uncertain. This is generally the case when the primary security has been realised and the Company is unable to reach an agreement with the borrower for immediate or short term repayment of the amounts subject to the write-off. Write-offs constitute a derecognition event as detailed in note 12. Financial assets that are written off can still be subject to enforcement activities in order to recover amounts due. Amounts subsequently recovered on assets previously written off are recognised in impairment losses on financial assets in the statement of profit and loss.

Intermediary fees

Intermediary fees are charged by the ultimate parent, LendInvest Limited, according to the level of support provided across loan servicing, administrative and other support services and profitability of the entities.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to ordinary and preferred share shareholders, this is when paid by the Company. In the case of final dividends to ordinary and preferred share shareholders, this is when declared by directors and approved by the shareholders at the relevant board meeting.

4 Impact of adoption of IFRS 9 - Financial instruments

4.1 Introduction

IFRS 9 – Financial Instruments was adopted by the Company from 31 October 2018. The standard replaces IAS 39 – Financial Instruments: Recognition and Measurement and has three sections:

4 Impact of adoption of IFRS 9 - Financial instruments (continued)

4.1 Introduction (continued)

Classification and measurement – the standard introduces new categories for the classification and measurement of financial assets. The classification of assets requires an assessment of the Company's business model for managing the assets and of the contractual cash flow characteristics of the assets.

Impairment – under IAS 39, impairment loss provisions were calculated on an incurred loss model, whereby provisions were recognised once an impairment 'trigger' event had been identified. IFRS 9 changes this model to an expected credit loss ("ECL") model which incorporates forward looking information such that when a financial asset is first recognised, an impairment loss allowance is made for the expected losses from defaults over the following 12 months ("12 month ECL"). If, at a later time, the Company determines that there has been a significant increase in the credit risk of the asset, this impairment loss is increased to cover the expected losses over the whole life of the asset ("lifetime ECL"). This change in the calculation of impairment provisions results in earlier recognition of credit losses in the financial statements but does not change the amount of the eventual loss suffered. This change has resulted in an increase in the Company's impairment provisions, as detailed in note 4.3.

Hedge accounting – IFRS 9 alters the rules for the application of hedge accounting, although the rules in relation to portfolio fair value hedges are still under development. The Company does not apply hedge accounting, so this section is not relevant for the current financial period.

4.2 Accounting policy - financial instruments

The new accounting policy adopted by the Company from 31 October 2018 in relation to financial instruments is detailed below:

(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.

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.

4 Impact of adoption of IFRS 9 - Financial instruments (continued)

4.2 Accounting policy - financial instruments (continued)

All **financial liabilities** are classified as 'at amortised cost'. Financial liabilities are initially recorded at their fair value, and those to be measured at amortised cost are subsequently measured using the effective interest rate method.

(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 and the entity has retained control of the asset, the assets continue to be recognised to the extent of the Company's continuing involvement. Financial liabilities are derecognised when they are extinguished.

4.3 Accounting policy - impairment of financial assets

The new accounting policy adopted by the Company from 31 October 2018 in relation to the impairment of financial assets is detailed below:

Impairment provisions are calculated for all financial assets held at amortised cost or at fair value through other comprehensive income. Loss provisions are also held against undrawn loan commitments, where a loan offer has been issued to a customer and remains unexpired but the loan has not yet completed and so has not yet been recognised in the statement of financial position.

Impairment provisions are calculated on an expected credit loss (ECL) basis. Financial assets are classified individually into one of the categories below:

- Stage 1 – assets are allocated to this stage on initial recognition and remain in this stage if there is no significant increase in credit risk since initial recognition. Impairment provisions are recognised to cover 12 month ECL, being the proportion of lifetime ECL arising from default events expected within 12 months of the reporting date.
- Stage 2 – assets where it is determined that there has been a significant increase in credit risk since initial recognition, but where there is no objective evidence of impairment. Impairment provisions are recognised to cover lifetime ECL.
- Stage 3 – assets where there is objective evidence of impairment, i.e. they are considered to be in default. Impairment provisions are recognised against lifetime ECL. For assets allocated to Stage 3, interest income is recognised on the balance net of impairment provision.
- Purchased or originated credit impaired ("POCI") – POCI assets are financial assets that are credit impaired on initial recognition. On initial recognition they are recorded at fair value. ECLs are only recognised or released to the extent that there is a subsequent change in the ECLs. Their ECL is always measured on a lifetime basis.

If a loss is ultimately realised, it is written off against the provision previously made. Any subsequent recoveries are recognised directly in the statement of profit and loss as they arise.

4 Impact of adoption of IFRS 9 - Financial instruments (continued)

4.3 Accounting policy - impairment of financial assets (continued)

Impairment of loans and advances to customers

The primary driver in determining whether an individual loan has had a significant increase in credit risk is a quantitative assessment of the increase in lifetime PD. At each reporting date, a third party credit score is obtained and a movement of three or more levels downwards is regarded as a significant increase in credit risk and the loan is allocated to Stage 2.

In addition to the above, a number of qualitative criteria have been set such that loans which are considered to have a significantly increased credit risk but would not be captured above are moved to Stage 2. A backstop is also in place such that all loans which are between 21- 30 days past due (depending on which product type they relate to) are moved to Stage 2.

Individual loans are considered to be in default and are allocated to Stage 3 if the loan is more than 60 or 90 days past due (depending on product type), is subject to certain forbearance activities, is in repossession or if the customer has been identified as bankrupt and is in arrears by more than a nominal amount.

The financial instruments will be assessed at each reporting period against the initial credit risk at origination and then classified into the appropriate stage. This can result in instruments improving to Stage 1 from period to period if the conditions are such that credit risk is comparable to the risk at origination. If a loan improves to Stage 1, the ECL on that loan will be assessed on a 12 month basis rather than a lifetime basis.

ECL is calculated by multiplying loss given default ("LGD"), probability of default ("PD") and exposure at default ("EAD"). Each element of the calculation is modelled at individual account level on a monthly basis over the remaining life of the loan, with the first 12 months totalled to obtain the 12 month ECL and the lifetime ECL obtained by totalling the above over the full life of the loan. Modelling assumptions are based on historical data analysis of the impact of economic variables on loan behaviour.

Provisions are assessed on a loan-by-loan basis for Stage 3 loans where the underlying loan balance is greater than £500,000 and the loan to value is greater than 75%. Individual Stage 3 ECL on loans and advances to customers are calculated based on an assessment of the expected cash flows and the underlying collateral. All individually assessed loans are reviewed at the Company's Impairment and Modelling Committee.

The overall ECL recorded in the financial statements is calculated as the probability weighted ECL over a range of possible forecasted macroeconomic scenarios. The Company uses 40% / 30% / 30% base case / downside view / upside view to calculate the final ECL provision. The Company is not large enough to have an internal economist so the scenarios are provided by Oxford Economics, a third party forecasting and quantitative analysis provider.

4.4 Accounting policy - interest income and expense

The new accounting policy adopted by the Company from 31 October 2018 in relation to interest income and expense is detailed below:

Interest income and expense on all financial instruments is recognised in interest receivable or payable in the statement of profit and loss. Interest income, any fees considered an integral part of effective interest rate of the loan and interest expense are calculated using the effective interest rate method for financial assets and liabilities held at amortised cost and at FVOCI.

4 Impact of adoption of IFRS 9 - Financial instruments (continued)

4.4 Accounting policy - interest income and expense (continued)

The effective interest rate method is a method of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument.

Specifically, for loans and advances, the effect of this policy is to spread arrangement, broker and valuation fees, and costs directly attributable and incremental to setting up the loan, over the expected life of the contractual period.

4.5 Critical judgements and accounting estimates

Wherever possible, the application of the requirements of IFRS 9, in particular in respect of the calculation of impairment loss provisions for loans and advances to customers, has been performed using statistical modelling rather than management judgements or estimates. For the UK residential mortgage portfolio, loss given default ("LGD") and probability of default ("PD") are modelled based on an analysis of how macroeconomic variables have impacted the performance of loans with similar credit risk characteristics historically.

The areas of IFRS 9 which are considered to have required significant management judgements or estimates are detailed below.

(i) Critical judgements and key sensitivity analysis

Classification of financial assets– management judgement was applied to the assessment of whether contractual cash flows are solely payments of principal and interest. Management determined that term extensions and forbearance activity are not contractual so do not impact the assessment.

Significant increase in credit risk– the determination of how significant an increase in lifetime PD should be to trigger a move to Stage 2 for impairment requires significant judgement. Management have adopted a test based approach to derive objective thresholds such that credit deterioration is recognised at the appropriate point.

Fair value measurement– judgements were applied to determine the unobservable inputs to the fair value models used to calculate the fair values of loans and advances. These include the discount rate, prepayment rates, PDs, LGDs, recovery costs and cure probabilities driven from the ECL models.

Sensitivity Analysis- sensitivity analysis has been completed on three distinct scenarios. The first being an increase in the forced sale discount by 10%. At an entity level, this would give rise to an increase in the total ECL of the book of £3.55k. Secondly, a 100% downside scenario has been applied to the portfolio. This would give rise to an increase in the modelled ECL provision of £1.85k. Thirdly, a 160% upside scenario was applied to the portfolio. This would result in a reduction of the modelled ECL provision of £0.95k.

(ii) Accounting estimates

The accounting estimates with the most significant impact on the calculation of impairment loss provisions under IFRS 9 are macroeconomic variables, in particular UK house price inflation and unemployment, and the probability weightings of the macroeconomic scenarios used.

The Company has used three macroeconomic scenarios, which are considered to represent a range of possible outcomes over a normal economic cycle, in determining impairment loss provisions:

4 Impact of adoption of IFRS 9 - Financial instruments (continued)

4.5 Critical judgements and accounting estimates (continued)

(ii) Accounting estimates (continued)

- a central scenario aligned to the Company's business plan;
- a downside scenario as modelled in the Company's risk management process; and
- an upside scenario representing the impact of modest improvements to assumptions used in the central scenario.

The central scenario represents management's current view of the most likely economic out-turn. During the year, the Company has assigned a weighting of 40% / 30% / 30% to the central, downside and upside scenarios in the ECL model.

Changes to macroeconomic assumptions, as expectations change over time, are expected to lead to volatility in impairment loss provisions and may lead to pro-cyclicality in the recognition of impairment provisions.

5 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.

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**
Gross loans and advances	36,248
Cash and cash equivalents	1,695
	37,943

5 Financial risk management (continued)

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.

The table below analyses 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	1,695	1,695	1,695	-
Trade and other receivables	119	119	119	-
Net loans and advances	36,180	38,177	38,177	-
Financial liabilities				
Trade and other payables	(5,769)	(5,769)	(5,769)	-
Interest bearing liabilities	(32,315)	(33,700)	(10,234)	(23,466)

5 Financial risk management (continued)

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.

6 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.

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).

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

7 Revenue

Total revenue, analysed by category, is as follows:

	31 October 2018 to 31 March 2019 £'000
Interest income	129
Fee income	3
	132

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

8 Staff costs

The Company had no employees during the year.

9 Auditor's remuneration

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

10 Directors' remuneration

The directors of the Company are remunerated by LendInvest Limited as detailed in note 9 of the financial statements of the LendInvest Limited Group.

11 Tax on loss

Tax (credited)/charged for the period in the profit and loss account:

	31 October 2018 to 31 March 2019 £'000
Current taxation	
UK corporation tax	-
Deferred taxation	
Arising from origination and reversal of temporary differences	(9)
Arising from changes in tax rates and laws	1
Total deferred taxation	(8)
Tax receipt in the statement of profit and loss	(8)

Tax related to items charged or credited to other comprehensive income:

	31 October 2018 to 31 March 2019 £'000
Other comprehensive income movements	(7)
Tax charged or credited in the statement of other comprehensive income	(7)

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

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

	31 October 2018 to 31 March 2019 £'000
Loss before tax	(49)
Corporation tax at standard rate	(9)
Tax rate changes	1
Tax credit for the period	(8)

11 Tax on loss (continued)

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.

12 Loans and advances

	As at 31 March 2019 £'000
Gross loans and advances	36,248
Impairment provision	(26)
ECL provision - 1	(1)
Fair value adjustment - 2	(41)
Loans and advances	36,180

1. The Company adopted IFRS 9 - Financial Instruments with effect from 31 October 2018 and the impact of adoption is set out in note 2. Impairment provisions are calculated under and IFRS 9 for 31 March 2019.
2. Fair value adjustment to gross loans and advances due to classification as FVOCI.

Analysis of loans and advances by stage

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
New financial assets originated	27,328	8,920	-	36,248
Financial assets that have repaid	(18)	(9)	-	(27)
Balance movements in loans	(120)	79	-	(41)
Loans and advances	**27,190**	**8,990**	-	**36,180**

The maximum LTV on stage 1 loans is 79%. The maximum LTV on stage 2 loans is 75%.

12 Loans and advances (continued)

Movement analysis of ECL by stage

	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
New financial assets originated FY19	18	9	-	27
Financial assets which have repaid	-	-	-	-
Changes in models / risk parameters	-	-	-	-
Adjustments for interest on impaired loans	-	-	-	-
Write-offs	-	-	-	-
Total movement in impairment provision	**18**	**9**	**-**	**27**
As at 31 March 2019	**18**	**9**	**-**	**27**

The Company held no POCI loans during the year to 31 March 2019.

Credit risk on gross loans and advances

The table below provides information on the Company's loans and advances by stage and risk grade.

	Stage 1	Stage 2	Stage 3	Total
	£'000	£'000	£'000	£'000
Risk Grades 1 – 5	14,417	1,616	-	16,033
Risk Grades 6 - 10	12,649	5,305	-	17,954
Risk Grades 11 -15	124	2,069	-	2,193
Default	-	-	-	-
Total	**27,190**	**8,990**	**-**	**36,180**

13 Trade and other receivables

	2019 £'000
Trade receivables	119
	119

14 Trade and other payables

	2019 £'000
Trade payables	5,569
Other payables	200
	5,769

15 Deferred tax

	2019 £'000
Deferred tax charge to Income statement	(8)
Deferred tax charge in OCI	(7)
	(15)

	2019 £'000
Deferred tax on losses	(8)
Loan relationships	(7)
	(15)

16 Interest bearing liabilities

	As at 31 March 2019 £'000
Interest bearing liabilities due after one year but less than five years	32,315

17 Financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises are: loans and advances, cash and cash equivalents, interest bearing liabilities, trade and other receivables and trade and other payables.

(a) Carrying amount of financial instruments

A summary of the financial instruments held is provided below:

	As at 31 March 2019
	£'000
Financial assets not at fair value through the profit and loss	
Cash and cash equivalents	1,695
Trade and other receivables	119
Loans and advances	36,180
Total financial assets	**37,994**
Financial liabilities not at fair value through the profit and loss	
Trade and other payables	(5,769)
Interest bearing liabilities	(32,315)
Total financial liabilities	**(38,084)**

(b) Carrying amount versus fair value

The following table compares the carrying amounts of the Company's financial assets and financial liabilities as at 31 March 2019:

	As at 31 March 2019
	£'000
	Carrying amount
Financial assets	
Cash and cash equivalents	1,695
Trade and other receivables	119
Loans and advances	36,180
Total financial assets	**37,994**

17 Financial instruments (continued)

	As at 31 March 2019
	£'000
	Carrying amount
Financial liabilities	
Trade and other payables	(5,769)
Interest bearing liabilities	(32,315)
Total financial liabilities	**(38,084)**

(c) Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates as at the reporting date. A 50 basis points change represents the Board's assessment of a reasonably possible change in interest rates.

As at the reporting date, if interest rates increased 50 basis points and all other variables were held constant:

Profit before tax for the period to 31 March 2019 would be unchanged. Although the Company's interest rates on loans to borrowers is operated as a fixed rate, the Company has the legal right to vary the borrower interest rate if certain changes in interest rates occur. Implementing this provision would improve the impact of an interest rate increase. However, we have assumed in this sensitivity analysis that the Company has not implemented this provision. Loans from lenders are fixed rate denominated.

As at the reporting date, if interest rates reduced 50 basis points and all other variables were held constant:

Profit before tax for the period to 31 March 2019 would be unchanged. As noted above, the Company's interest rates on loans to borrowers are fixed rate denominated, with certain provisions to vary them, while loans from lenders are also fixed rate denominated.

As loan assets are at FVOCI, a movement in interest rates would affect the fair value of loan assets and, therefore, equity reserves.

18 Share capital

Allotted, called up and fully paid shares

	2019 No.	2019 £'000
Issued ordinary shares of £1 each	1	-

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

18 Share capital (continued)

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.

Fair value reserves:
The fair value reserves represents movements on the fair value of the financial assets classified as FVOCI.

19 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.

20 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 smallest and largest group in which this Company is consolidated for the period ended 31 March 2019 are the consolidated financial statements of LendInvest Limited. These accounts are available at 8 Mortimer Street, London, England, W1T 3JJ.

21 Events after the reporting date

There were no significant events after the balance sheet date.