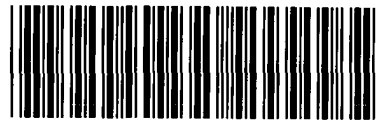


LendInvest Finance No.6 Limited

Annual report and financial statements for the year ended 31 March 2020

Registration number: 11167041

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LendInvest Finance No.6 Limited

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LendInvest Finance No.6 Limited

Officers and professional advisors

| | |
|--------------------------|---|
| Directors | Christian Faes Ian Thomas |
| Company number | 1167041 |
| Registered office | Two Fitzroy Place 8 Mortimer Street London W1T 3JJ |
| Auditors | BDO LLP |
| Bankers | Barclays Bank PLC |

LendInvest Finance No.6 Limited

Directors' report

For the year ended 31 March 2020

The directors present their annual report together with the audited financial statements of LendInvest Finance No.6 Limited (the "Company"), for the year ended 31 March 2020. The directors have taken advantage of the small companies' exemption under section 480 of the Companies Act 2006 in preparing a strategic report.

Principal activity

The principal activity of the Company is to provide secured lending to third party borrowers. Revenue for the current financial year is £3.6m.

Fair review of the business

The results for the financial year ended 31 March 2020 are set out on page 8 to 11. The Company paid no dividends during the period and the directors do not recommend a final dividend.

Going concern

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.

The impact of Covid-19 has been assessed at a Group level and several financial plans have been prepared for the forthcoming year across a range of potential scenarios. The directors have reviewed these plans and consider the Company to have sufficient resources to continue its activities for 12 months from the reporting date, including against the most severe but plausible outcome and do not consider there to be any material uncertainty.

Directors

The directors of the Company who were in office during the year 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.

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 section 418 of the Companies Act 2006.

LendInvest Finance No.6 Limited

Directors' report (continued)

For the year ended 31 March 2020

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.

Political donations

No political donations were made during the year (2019: £nil).

Events after the reporting date

Since 31 March 2020, the Covid-19 pandemic has meant that economic conditions in the UK have deteriorated and the continued government imposed lockdown conditions have effectively shut down many industries and sectors. There has been some loosening of restrictions prior to the approval of these financial statements and more will be lifted in the forthcoming weeks but there remains a high level of uncertainty on the length of the lockdown and the long-term effects on the economy such that any financial impacts are difficult to model. The Group has created a number of financial forecasts and continues to work closely with its institutional funding lines to monitor the developing situation. The business model and the products offered have been, and will continue to be, appropriately adjusted to reflect the level of risk in the economy.

Until conditions start to normalise within the UK economy, the Group has reduced capital expenditure and taken prudent steps to reduce operating expenses to maximise working capital during these unprecedented conditions.

In April 20, the company sold, at purchase price all bonds held to LendInvest Secured Income PLC.

Approved by the Board on 4 September 2020 and signed on its behalf by:



Ian Thomas
Director

LendInvest Finance No.6 Limited

Directors' responsibilities statement

For the year ended 31 March 2020

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.

LendInvest Finance No.6 Limited

Independent Auditor's Report to Members of LendInvest Finance No.6 Limited For the year ended 31 March 2020

Opinion

We have audited the financial statements of LendInvest Finance No.6 Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of profit and loss, Statement of other comprehensive income, Statement of financial position and 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 2020 and of its profit for the year 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 Directors' 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.

LendInvest Finance No.6 Limited

Independent Auditor's Report to Members of LendInvest Finance No.6 Limited (continued) For the year ended 31 March 2020

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 prepare the financial statements in accordance with the small companies regime and 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 on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

LendInvest Finance No.6 Limited

Independent Auditor's Report to 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
Date: 4 September 2020

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 year ended 31 March 2020

| | Note | Year ended 31 March 2020 £'000 | Period 24 January 2018 to 31 March 2019 £'000 |
|----------------------------|------|---|---|
| Revenue | 5 | 3,624 | 2,451 |
| Cost of sales | | (3,389) | (2,410) |
| Gross profit | | 235 | 41 |
| Administrative expenses | | (235) | (40) |
| Profit before tax | | - | 1 |
| Tax on profit | 7 | - | - |
| Profit for the year | | - | 1 |

The above results were derived from continuing operations.

The notes on pages 12 to 23 form an integral part of these financial statements.

LendInvest Finance No.6 Limited

Statement of other comprehensive income For the year ended 31 March 2020

| | | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|--|----|---|---|
| Profit/(Loss) for the year | | - | 1 |
| Unrealised gain | 14 | 739 | - |
| Deferred tax charge | 12 | (140) | - |
| | | 599 | - |
| Total comprehensive income for the year | | 599 | 1 |

The notes on pages 12 to 23 form an integral part of these financial statements.

LendInvest Finance No.6 Limited
Statement of financial position
As at 31 March 2020

| | Note | 2020 £'000 | 2019 £'000 |
|------------------------------|------|-----------------|-----------------|
| Assets | | | |
| Investments | 8 | 6,693 | 30,000 |
| Trade and other receivables | 9 | 32,533 | 22,421 |
| Cash and cash equivalents | | 2,523 | 28 |
| Total assets | | 41,749 | 52,449 |
| Liabilities | | | |
| Trade and other payables | 10 | (367) | (30,620) |
| Interest bearing liabilities | 11 | (40,782) | (21,828) |
| Total liabilities | | (41,149) | (52,448) |
| Net assets | | 600 | 1 |
| Equity | | | |
| Share capital | 13 | - | - |
| Fair value reserve | 14 | 599 | - |
| Retained earnings | 14 | 1 | 1 |
| Total equity | | 600 | 1 |

The notes on pages 12 to 23 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 4 September 2020.

Signed on behalf of the Board of Directors by:



I Thomas
 Director

LendInvest Finance No.6 Limited
Statement of changes in equity
For the year ended 31 March 2020

| | Share capital £'000 | Other reserves £'000 | Retained earnings £'000 | Total £'000 |
|---|------------------------|-------------------------|-------------------------------|----------------|
| At incorporation 24 January 2018 | - | - | - | 1 |
| Profit for the year | - | - | 1 | 1 |
| Total comprehensive income | - | - | 1 | 1 |
| Balance at 31 March 2019 | - | - | 1 | 1 |
| | Share capital £'000 | Other reserves £'000 | Retained earnings £'000 | Total £'000 |
| Balance at 1 April 2019 | - | - | 1 | 1 |
| Profit for the year | - | - | - | - |
| Fair value revaluation | - | 599 | - | 599 |
| Total comprehensive income | - | 599 | 1 | 600 |
| Balance at 31 March 2020 | - | 599 | 1 | 600 |

The notes on pages 12 to 23 form an integral part of these financial statements.

LendInvest Finance No.6 Limited

Notes to the financial statements

For the year ended 31 March 2020

1. Accounting policies

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 £3.6m.

Basis of accounting

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 3.

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 18. 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.

Changes in accounting standards and policies

IFRS 16 – Leases

On 1 April 2019, the Company adopted the requirements of IFRS 16. The new standard replaces IAS 17 'Leases' and related interpretations. The standard applies to all leasing arrangements and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessor and lessee accounting.

The Company does not hold any leases and as such, the financial statements have not been impacted by these changes and no transitional changes have been applied.

Going concern

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.

The impact of Covid-19 has been assessed at a Group level and several financial plans have been prepared for the forthcoming year across a range of potential scenarios. The directors have reviewed these plans and consider the Company to have sufficient resources to continue its activities for 12 months from the reporting date, including against the most severe but plausible outcome and do not consider there to be any material uncertainty.

LendInvest Finance No.6 Limited

Notes to the financial statements

For the year ended 31 March 2020

1. Accounting policies (continued)

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 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;
- presentation of comparative reconciliations for property, plant and equipment, intangible assets, investment properties and agriculture;
- disclosure of key management personnel compensation;
- 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 of LendInvest Limited are available to the public and can be obtained as set out in note 18.

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:

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.

LendInvest Finance No.6 Limited

Notes to the financial statements

For the year ended 31 March 2020

1. Accounting policies (continued)

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.

Other income

Other income comprises intermediary fees charged to the ultimate parent, LendInvest Limited, according to the level of support required by the Company.

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

Expenses 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.

Financial instruments

The Company adopted IFRS 9 from 1 April 2019 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 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.

LendInvest Finance No.6 Limited

Notes to the financial statements For the year ended 31 March 2020

1. Accounting policies (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.

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.

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.

LendInvest Finance No.6 Limited

Notes to the financial statements For the year ended 31 March 2020

2. 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, 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:

| Assets | 31 March 2020 £'000 | 31 March 2019 £'000 |
|-----------------------------|------------------------|------------------------|
| Cash and cash equivalents | 2,523 | 28 |
| Trade and other receivables | 32,533 | 22,421 |
| | <u>35,056</u> | <u>22,449</u> |

Credit risk management lies at the core of the business and 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

The fair value of cash and cash equivalents at 31 March 2020 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.

LendInvest Finance No.6 Limited

Notes to the financial statements

For the year ended 31 March 2020

2. Financial risk management (continued)

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:

| As at 31 March 2020 | Carrying amount £'000 | Gross nominal inflow/(outflow) £'000 | Amount due within one year £'000 | Amount due post one year £'000 |
|------------------------------|--------------------------|---|-------------------------------------|-----------------------------------|
| Financial assets | | | | |
| Cash and cash equivalents | 2,523 | 2,523 | 2,523 | - |
| Trade and other receivables | 32,533 | 32,533 | 46 | 32,487 |
| Total | 35,056 | 35,056 | 2,569 | 32,487 |
| Financial liabilities | | | | |
| Trade and other payables | (277) | (277) | (277) | - |
| Interest bearing liabilities | (40,782) | (49,539) | (3,059) | (46,480) |
| Total | (41,059) | (49,816) | (3,336) | (46,480) |

All gross nominal inflows and outflows on financial assets and financial liabilities are due within 5 years at the reporting date.

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 makes adjustments 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.

3. 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.

LendInvest Finance No.6 Limited

Notes to the financial statements

For the year ended 31 March 2020

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

Loan provisioning

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

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).

4. Staff costs

The company had no employees during the year.

5. Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

| | 2020 | 2019 |
|-----------------|--------------|--------------|
| | £'000 | £'000 |
| Interest income | 3,624 | 2,451 |
| | <u>3,624</u> | <u>2,451</u> |

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

6. Auditor's remuneration

| | 2020 | 2019 |
|-------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Audit of financial statements | 5 | 5 |
| | <u>5</u> | <u>5</u> |

Fees payable to the Company's auditors for audit services of £5,000 in the current year are borne by LendInvest Limited and disclosed in note 8 of the consolidated financial statements of the Group.

LendInvest Finance No.6 Limited

Notes to the financial statements For the year ended 31 March 2020

7. Tax on profit

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Profit before tax | - | 1 |
| Corporation tax at standard UK corporation tax rate | - | - |
| Total tax charge/(credit) | - | - |
| Deferred taxation | | |
| Deferred tax charge for current year | - | - |
| Total deferred taxation | - | - |
| Tax expense in the statement of profit and loss | - | - |

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 16 March 2016. In March 2020, it was announced in Budget 2020 that the main rate of UK corporation tax will remain at 19%, rather than reducing to 17% from 1 April 2020.

8. Investments

| Investments in debt instruments classified as at FVTOCI | Current 2020 £'000 | Non-current 2020 £'000 | Current 2019 £'000 | Non-current 2019 £'000 |
|--|--------------------------|------------------------------|--------------------------|------------------------------|
| Corporate bonds | - | 6,693 | - | 30,000 |
| Loss allowance | - | - | - | - |
| Total Investments | - | 6,693 | - | 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.

LendInvest Finance No.6 Limited

Notes to the financial statements

For the year ended 31 March 2020

8. Investments (continued)

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

In January 2020, the Company sold, at par, £0.5m of bonds issued by LendInvest Secured Income PLC.

In February 2020, the Company sold, at par, £14.5m of bonds issued by LendInvest Secured Income PLC.

In March 2020 £6m of bonds, originally issued by LendInvest Secured Income PLC were purchased from investors outside the group at market price on settlement date. At the year end, these were revalued to the market price realising a fair value gain of £0.7m.

In April 2020 all bonds were sold to LendInvest Secured Income PLC at purchase price of £6m.

9. Trade and other receivables

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Accrued income | - | 610 |
| Other debtors | 46 | - |
| Amounts owed by group undertakings | - | 482 |
| | <u>46</u> | <u>1,092</u> |
| | | |
| | 2020 £'000 | 2019 £'000 |
| Amounts falling due after more than one year: | | |
| Amounts owed by group undertakings | 32,487 | 21,329 |
| Total debtors | <u>32,533</u> | <u>22,421</u> |

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

10. Trade and other payables

| | 2020 £'000 | 2019 £'000 |
|--------------------------------|---------------|---------------|
| Trade payables | 227 | 10 |
| Deferred tax liability | 140 | - |
| Accrued expenses | - | 610 |
| Amounts due to related parties | - | 30,000 |
| | <u>367</u> | <u>30,620</u> |

Amounts due to related parties are unsecured, interest free and payable on demand.

LendInvest Finance No.6 Limited

Notes to the financial statements For the year ended 31 March 2020

11. Interest bearing liabilities

| | As at 31 March 2020 £'000 | As at 31 March 2019 £'000 |
|--|---------------------------------|---------------------------------|
| Interest bearing liabilities due after one year but less than five years | 41,000 | 22,031 |
| Funding line costs | (218) | (203) |
| | <u>40,782</u> | <u>21,828</u> |

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:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Interest bearing liabilities | 40,782 | 21,828 |
| Deduct: cash as reported in financial statements | (2,523) | (28) |
| Net debt: borrowings less cash | <u>38,259</u> | <u>21,800</u> |
| Add back: unamortised funding line costs | 218 | 203 |
| Add: accrued interest expense | - | 610 |
| Net debt | <u>38,477</u> | <u>22,613</u> |

12. Deferred tax

| | 2020 £'000 | 2019 £'000 |
|---|---------------|---------------|
| Opening balance | - | - |
| Deferred tax charge to Income statement | - | - |
| Deferred tax charge in OCI | 140 | - |
| Total | <u>140</u> | <u>-</u> |

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Notes to the financial statements

For the year ended 31 March 2020

13. Share capital

| | 2020 | | 2019 | |
|-----------------------------------|------|---|------|---|
| | No. | £ | No. | £ |
| Issued ordinary shares of £1 each | 1 | 1 | 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.

14. Reserves

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.

| | 2020 | 2019 |
|-------------------|-------|-------|
| | £'000 | £'000 |
| Retained earnings | 1 | 1 |

LendInvest Finance No.6 Limited

Notes to the financial statements For the year ended 31 March 2020

Other reserves:

The other reserves represent movements on the fair value of the financial assets classified as FVOCI.

| | 2020 | 2019 |
|--------------------|--------------|--------------|
| | £'000 | £'000 |
| Fair value reserve | 599 | - |

The entity acquired 73,150 retail bonds originally issued by LendInvest Secured Income PLC in March 2020. At the balance sheet date these were revalued to the mid-market price of £91.50 realising an unrealised gain of £739k.

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 reporting date

Since 31 March 2020, the Covid-19 pandemic has meant that economic conditions in the UK have deteriorated and the continued government imposed lockdown conditions have effectively shut down many industries and sectors. There has been some loosening of restrictions prior to the approval of these financial statements and more will be lifted in the forthcoming weeks but there remains a high level of uncertainty on the length of the lockdown and the long-term effects on the economy such that any financial impacts are difficult to model. The Group has created a number of financial forecasts and continues to work closely with its institutional funding lines to monitor the developing situation. The business model and the products offered have been, and will continue to be, appropriately adjusted to reflect the level of risk in the economy.

In April 20, the company sold, at purchase price all bonds held to LendInvest Secured Income PLC.