

FUNDING CIRCLE TRUSTEE LIMITED

Annual Report and Financial Statements

For the Year Ended

31 December 2019

Registered number: 07239092

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FUNDING CIRCLE TRUSTEE LIMITED

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FUNDING CIRCLE TRUSTEE LIMITED

Officers and professional advisers

Directors

R Kerrigan
L Jacobs
S Glithero

Secretary

L Vernall

Registered office

71 Queen Victoria Street
London
EC4V 4AY

Bankers

Barclays Bank PLC
Level 11
1 Churchill Place
London
E14 5HP

FUNDING CIRCLE TRUSTEE LIMITED

Report of the directors for the year ended 31 December 2019

The directors present their report together with the annual financial statements of Funding Circle Trustee Limited (the “Company”) for the year ended 31 December 2019. The Company is a wholly-owned subsidiary of Funding Circle Ltd.

Principal activities

Funding Circle Trustee Limited (“FCTL”) is a wholly owned subsidiary of Funding Circle Ltd (“FCL”). FCL is the leading direct lending platform in the UK, where businesses borrow directly from a diverse range of investors, including individuals, institutions and Government.

Save for property finance loans arranged through the Funding Circle platform, the Company:

- Acts as the security holder and security agent for secured loans;
- Is the legal owner of defaulted loans (holding proceeds of recoveries on trust for the relevant investors from time to time save in certain circumstances where the Company is also the beneficial owner of the loans).

There are no contractual cash flows due to the Company associated with the loans held by it (save where it is the beneficial owner of the loans).

Directors

The directors of the Company during the year and for the period up to the date of this report were:

S Glithero
J Meekings (resigned 2 September 2019)
M Cook (resigned 11 October 2019)
R Kerrigan (appointed 11 October 2019)
L Jacobs (appointed 1 September 2019)

Insurance and indemnities

Funding Circle Holdings plc, the ultimate parent undertaking, maintains appropriate insurance to cover Directors’ and Officers’ liability for itself and its subsidiaries (including the Company). The Company also indemnifies each Director under its Articles of Association. Such indemnities are qualifying indemnities for the purposes of section 234 of the Companies Act 2006 (the Act).

Financial risk management

Details regarding financial risk management objectives and policies are included in note 3 in the notes to the financial statements.

Dividends

No dividends were declared and paid during the current year and previous financial year.

FUNDING CIRCLE TRUSTEE LIMITED

Going concern

Having made appropriate enquiries, the directors consider that the Company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support and the ability to provide that support of Funding Circle Holdings plc, previously Funding Circle Holdings Limited ("FCH"), the ultimate parent undertaking and have therefore continued to adopt the going concern basis in preparing financial statements.

Approved by the Board and signed on its behalf by



S Glithero

Director

71 Queen Victoria Street
London
EC4V 4AY

10 June 2020

FUNDING CIRCLE TRUSTEE LIMITED

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are 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 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. Statement of comprehensive income

FUNDING CIRCLE TRUSTEE LIMITED

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Administrative (expenses) / income		(131,928)	409,863
Operating (loss) / profit	6	(131,928)	409,863
Finance income	7	35,126	27,867
Finance costs	8	(61,445)	(79,535)
(Loss) / profit before taxation		(158,247)	358,195
Income tax	9	-	-
(Loss) / profit for the financial year		(158,247)	358,195
Other comprehensive income / (loss)		-	-
Total comprehensive (loss) / income for the year		(158,247)	358,195
Profit and total comprehensive (loss) / income attributable to:			
Owners of the parent		(158,247)	358,195

All amounts relate to continuing activities.

The notes on pages 9 to 23 form part of these financial statements.

FUNDING CIRCLE TRUSTEE LIMITED

Statement of financial position as at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Trade and other receivables	10	550,900	482,980
Cash and cash equivalents		56,372	395,764
Total assets		607,272	878,744
Current liabilities			
Trade and other payables	11	73,362	475,695
Short-term provisions	12	-	-
		73,362	475,695
Non-current liabilities			
Loan due to parent undertaking	13	-	2,141,644
Total liabilities		73,362	2,617,339
Equity			
Share capital	14	1	1
Capital reserve	16	2,430,752	-
Accumulated losses	15	(1,896,843)	(1,738,596)
Total equity		533,910	(1,738,595)
Total equity and liabilities		607,272	878,744

The directors are satisfied that the Company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 479A, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 23 were approved by the Board and authorised for issue on 10 June 2020. They were signed on behalf of the Board by:



S Glithero

Director

Company registration number 07239092

The notes on pages 9 to 23 form part of these financial statements.

FUNDING CIRCLE TRUSTEE LIMITED

Statement of changes in equity for the year ended 31 December 2019

	Note	Share capital	Capital reserve	Accumulated losses	Total equity
		£	£	£	£
Balance at 1 January 2018		1	-	(2,096,791)	(2,096,790)
Loss and total comprehensive loss for the year	15	-	-	358,195	358,195
Balance at 31 December 2018		1	-	(1,738,596)	(1,738,595)
Profit and total comprehensive income for the year	15	-	-	(158,247)	(158,247)
Capital contribution	16	-	2,430,752	-	2,430,752
Balance at 31 December 2019		1	2,430,752	(1,896,843)	533,910

The notes on pages 9 to 23 form part of these financial statements.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

1 General information and statement of compliance with FRS 101

Funding Circle Trustee Limited is a private company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company is a wholly-owned subsidiary of Funding Circle Ltd ("FCL") (parent company). The address of its registered office is given on page 2.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards, as adopted by the European Union and the Companies Act 2006.

The Company's financial statements are presented in Sterling.

The results of Funding Circle Trustee Limited are included in the consolidated financial statements of Funding Circle Holdings plc which are available from Companies House.

The principal accounting policies adopted by the Company are set out below. The accounting policies have been applied consistently to all the years presented, unless otherwise stated.

2 Accounting Policies

Going concern

The Company's business activities are set out in the Principal Activities section in the Report of the Directors on page 3.

The Company made a loss of £158,247 (2018: profit of £358,195) during the year ended 31 December 2019. The ultimate parent company, Funding Circle Holdings plc (FCH), agrees to provide continued financial support to the Company. Having made appropriate enquiries, the directors consider that the Company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support and the ability to provide that support of FCH and have therefore continued to adopt the going concern basis in preparing financial statements despite the net liabilities position as at 31 December 2019.

The Company has a loan facility agreement with Funding Circle Ltd. Under the term of the agreement, the parent company will provide an unsecured Sterling term loan facility of a total principal amount not exceeding £3,000,000 (three million pounds) to the Company. Any drawn amount under the facility bears an interest of 3.5% above the base rate of the Bank of England and is repayable with the principal amount at the end of the facility term of 5 years on 14th December 2020. At the year-end the Company has drawn down £nil (2018: £1,936,316) under the facility agreement.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Basis of preparation

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The financial statements have been prepared on a going concern basis, applying a historical cost convention except for certain financial instruments that are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

New standards, amendments and IFRIC interpretations

a) Standards and amendments to existing standards and interpretations effective on or after 1 January 2019 adopted by the Company

The Company has adopted the following new and amended IFRSs and interpretations from 1 January 2019 on a full retrospective basis for IFRS 16, and prospectively for the other standards.

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 16	Leases	1 January 2019
Prepayment Features with Negative Compensation – Amendments to IFRS 9	Financial instruments	1 January 2019
Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28	Associates and joint ventures	1 January 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	Business combinations, joint arrangements, income taxes and borrowing costs	1 January 2019
Interpretation 23 Uncertainty over Income Tax Treatments.	Income taxes	1 January 2019

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

- b) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2019 and not early adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting years, have not yet been endorsed by the EU and have not been early adopted by the Company as follows.

Standard/interpretation	Content	Applicable for financial years beginning on/after
Amendments to IFRS 3, 'Business combinations', definition of a business	Business combinations	1 January 2020
Amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors' definition of material	Definition of material	1 January 2020
Revised Conceptual Framework for Financial Reporting & Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Associates and joint ventures	1 January 2020

These standards are not expected to have a material impact on the Company in the current or future reporting years and on foreseeable future transactions.

Finance income

Finance income is recognised on an accruals basis in the statement of comprehensive income. The amount recorded in the financial statements is generated in the UK and sourced from transactions relating to business loans.

Finance cost

Finance cost represents interest payable on the loan from the parent company. It is recognised on an accrual basis in the statement of comprehensive income.

Expenses

Expenses include impairment charges, legal and accounting costs. They are recognised as an expense in the statement of comprehensive income in the period in which they are incurred (on an accruals basis).

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Financial instruments

Financial assets

The Company determines the classification of its financial assets at initial recognition. The requirements of IFRS 9 for classification and subsequent measurement are applied which require financial assets to be classified based on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset:

- Financial assets are measured at amortised cost if they are held within a business model, the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.
- Financial assets are measured at fair value through other comprehensive income ("FVTOCI") if they are held within the business model defined as "held to collect and sell", the objective of which is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.
- Financial assets that do not meet the criteria to be amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss ('FVTPL'). In addition, the Company may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The purchase of any credit impaired assets is also at fair value after any impairment.

The Company does not recognise on its balance sheet loans arranged between borrowers and investors as it is not a principal party to the contracts and is not exposed to the risks and rewards of these loans.

Financial assets recognised in the balance sheet as trade and other receivables are classified as amortised cost. They are recognised at fair value and subsequently measured at amortised cost less provision for impairment.

Cash and cash equivalents are classified as amortised cost. This includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The carrying amount of these assets approximates their fair value.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment of financial assets

The Company applies the impairment requirements of IFRS 9. The IFRS 9 impairment model requires a three-stage approach:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (that is, expected losses arising from the risk of default in the next 12 months) are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but are not credit-impaired. For these assets, lifetime ECL (that is, expected losses arising from the risk of default over the life of the financial instrument) are recognised, and interest revenue is still calculated on the gross carrying amount of the asset.
- Stage 3 consists of financial assets that are credit-impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. For these assets, lifetime ECL are also recognised, but interest revenue is calculated on the net carrying amount (that is, net of the ECL allowance).

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its assets carried at amortised cost and FVTPL and recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Company has either transferred the contractual right to receive the cash flows from that asset, or has assumed an obligation to pay those cash flows to one or more recipients.

The Company derecognises a transferred financial assets if it transfers substantially all the risks and rewards of ownership.

Financial liabilities

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Current and deferred tax

The tax expense for the period comprises current and deferred 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 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.

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 or 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.

Capital reserve

Capital reserve represents capital contributions received from the Company's parent, FCH, which are not as a result of an equity offering.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

3 Financial risk management

The Board of directors has 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.

Risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Amounts due to parent undertaking

Financial instruments measured at amortised cost

Financial instruments measured at amortised cost, rather than fair value, include cash and cash equivalents, trade and other receivables, trade and other payables, and amounts due to group undertakings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

Financial risk factors

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents held at banks.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

3 Financial risk management (continued)

Financial risk factors (continued)

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	2019	2018
	£	£
Trade and other receivables	550,900	482,980
Cash and cash equivalents	56,372	395,764

Trade and other receivables principally comprise of loans acquired from external investors. The recoverability of those loans is reviewed on an ongoing basis and appropriate impairments to the carrying value are recorded where amounts are deemed irrecoverable.

The fair value of cash and cash equivalents at 31 December 2019 and 31 December 2018 approximates the carrying value. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

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 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.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

3 Financial risk management (continued)

Financial risk factors (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk arises from open positions in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements.

(a) Price risk

The Company is not exposed to market risk with respect to financial instruments as it does not hold any marketable securities.

(b) Cash flow and fair value interest rate risk

The Company's interest rate risk is associated with borrowings that bears an interest of 3.5% above the base rate of the Bank of England from the parent company. This exposes the Company to cash flow interest rate risk.

The Company does not use interest rate swaps under which fixed interest liabilities are converted to variable rate or vice versa in order to hedge the fair value interest rate risk. In the directors' opinion, significant movement in the Bank of England's base rate is unlikely in the mid-term and hence any impact of adverse movement in interest rate deemed immaterial. To the extent that there is movement, the Company's exposure is addressed by the requirement to have parent company support.

(c) Sensitivity analysis

IFRS 7 requires disclosure of sensitivity analysis for each type of market risk to which the entity is exposed at the report date showing how profit or loss and equity would have been affected by changing the relevant risk variables that were reasonably possible at that date.

As discussed above, the Company does not have significant exposure to liquidity, cash flow or interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

4 Segmental analysis

The Company's operations are carried out solely in the UK and from one operating segment.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

5 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Other debtors

The Company holds certain loans on its balance sheet (see note 10). The Company reviews its loans portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgement as to whether there is any observable data indicating that there is a measureable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified within an individual loan in that portfolio. This evidence may include observable data indicating that there is an adverse change in the payment status of borrowers, or national or economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when assessing future cash flows. The methodology and assumptions used for estimating both the amount and timings of future cash flows are reviewed regularly to reduce any variances between loss estimates and actual loss experience.

Operational buy back provision

In 2018, management released the surplus operational buyback provision of £504,571 (see note 12).

Management initially booked this provision in relation to possible buy backs of loans carried out for operational purposes, namely, for goodwill purposes with investors (with no contractual obligation to carry out such buy backs). As the Group business has grown, no such buyback has been carried out for the previous three reporting periods and therefore management no longer deem it necessary to retain this provision on balance sheet.

This situation is closely monitored, and adjustments will be made in future periods if future market activity indicates that an operational buyback provision is required.

6 Operating (loss)/profit

	2019	2018
	£	£
Profit / (loss) for the year has been arrived after charging:		
Auditors' remuneration for audit services (including expenses)	-	8,640
Loans impairment	120,977	80,289
Reversal of loan loss provision	-	(504,571)

Directors' remuneration is borne by Funding Circle Ltd, the parent company of Funding Circle Trustee Limited. Other than the directors, the Company did not have any employees during the current or prior year.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

7 Finance income

	2019	2018
	£	£
Interest receivable on loans held	35,126	27,867
	<u>35,126</u>	<u>27,867</u>

8 Finance costs

	2019	2018
	£	£
Interest on long-term loan facility from parent undertaking	61,445	79,535
	<u>61,445</u>	<u>79,535</u>

During the financial year the company recognised an interest payable of £61,445 (2018: £79,535) on amount drawn of £nil (2018: £1,936,316) under the long-term loan facility provided by the parent company. The interest is capitalised and is repayable with the principal amount (see note 13). The amount drawn was £2,250,000 until 31 October 2019 when the facility was settled, therefore, the interest payable relates to this period. The interest is capitalised and is repayable with the principal amount (see note 10).

9 Income tax

The Company is subject to all taxes applicable to a commercial company in the United Kingdom. The UK business profit / (losses) of the Company are subject to UK income tax at the applicable tax rate of 19.00% (2018: 19.00%).

	31 December 2019	31 December 2018
	£	£
UK income tax		
Current tax on profit/(losses) for the year	-	-
Total current tax	-	-
Total tax per income statement	-	-

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

9 Income tax (continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

Factors affecting the tax charge for the year:

	31 December 2019 £	31 December 2018 £
(Loss)/profit before taxation	(158,247)	358,195
Taxation on profit /(loss) before taxation at 19.00% (2018: 19.00%)	(30,067)	68,057
Effects of:		
Group relief	-	(68,057)
Transfer pricing adjustment	30,067	-
Tax charge for the year	-	-

The statutory UK corporation tax rate is currently 19%, effective from 1 April 2017 (reduced from 20% previously). Note, this rate will be further reduced in future periods to 17% (effective from 1 April 2020 which was substantively enacted on 6 December 2016). Deferred tax has been determined using the applicable effective future tax rate that will apply in the expected period of utilisation of the deferred tax asset or liability.

A transfer pricing adjustment has been made to the trading profit of the Company in order to reflect that the Company exists to support Funding Circle Ltd ("FCL"), which is the entity that benefits from providing services to the borrowers and investors using its platform. A corresponding adjustment is included in the tax computation for the corresponding period for FCL.

Factors affecting the tax charge in future years

Factors that may affect the Company's future tax charge include the geographic location of the Company's earnings, the tax rates in those locations, changes in tax legislation and the use of brought forward tax losses. The calculation of the Company's total tax charge involves a degree of estimation and judgement with respect to the recognition of any deferred tax asset.

10 Trade and other receivables

	2018 £	2017 £
Other debtors	550,900	482,980
	550,900	482,980

Other debtors is shown after impairment of £165,594 (2018: £205,255) for loans held by the Company.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

11 Trade and other payables

	2019	2018
	£	£
Accruals and deferred income	36,872	19,772
Amounts due to parent undertaking	36,490	455,923
	<u>73,362</u>	<u>475,695</u>

Amounts due to parent undertaking is interest free and repayable on demand.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

12 Short-term provisions

	2019	2018
	£	£
At 1 January	-	504,571
(Credited) / charged to the income statement:		
Reversal of unused operational buyback provision	-	(504,571)
At 31 December	<u>-</u>	<u>-</u>

The change in respect of the operational buyback provision has been included in administrative expenses in the income statement.

13 Loan due to parent undertaking

	2019	2018
	£	£
Amounts due to parent undertaking	-	2,141,644
	<u>-</u>	<u>2,141,644</u>

The Company has a loan facility agreement with Funding Circle Ltd. Under the terms of the agreement, the parent company will provide an unsecured Sterling term loan facility of a total principal amount not exceeding £3,000,000 (three million pounds) to the Company. Any drawn amount under the facility bears an interest of 3.5% above the base rate of the Bank of England and is repayable with the principal amount at the end of the facility term of 5 years on 14th December 2020.

Throughout the financial year, £150,000 (2018: £nil) was drawn down from the loan facility.

At the year-end, the balance owing under this agreement was £nil (2018: £2,141,644) including capitalised interest.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

14 Share capital

	2019 £	2018 £
Authorised		
Ordinary shares of £1 each:	1	1
<i>Called up, allotted and fully paid</i>		
Ordinary shares of £1 each:	1	1

15 Accumulated losses

	£
Balance at 1 January 2018	(2,096,791)
Loss and total comprehensive loss for the year	358,195
Balance at 31 December 2018	(1,738,596)
Profit and total comprehensive profit for the year	(158,247)
Balance at 31 December 2019	(1,896,843)

16 Capital reserve

	£
As at 31 December 2018	-
Capital contribution	2,430,752
As at 31 December 2019	2,430,752

17 Dividends per share

No dividends were declared and paid during the current or previous financial year.

FUNDING CIRCLE TRUSTEE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

18 Controlling party

Funding Circle Ltd, a company incorporated in the United Kingdom, and registered in England and Wales, is the immediate parent company. The ultimate holding company and the parent company of the largest group that presents group financial statements is Funding Circle Holdings plc previously Funding Circle Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company does not have a single ultimate controlling party. Funding Circle Holdings plc's financial statements can be obtained from Companies House.

19 Contingent Liabilities

There are no contingent liabilities at the balance sheet date.

20 Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements.